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THE JERUSALEM POST

Joy in Bronxville

It's all in the WORLD OF SPORT TODAY

Erekat: Talks stalled over four points

NEGOTIATIONS over Hebron are expected to slow down this week, as the sides failed in an all-night session Sunday night to resolve four security-related differences on IDF redeployment, and Palestinian Authority leader Yasser Arafat left for a scheduled visit to Europe.

US special Middle East envoy Dennis Ross also left the country yesterday, citing the departure of Arafat. But in a statement released before he left, Ross sought to underscore the headway that has been made in the talks and his confidence that an agreement on Hebron is "possible in the very near future." He pledged to return to complete the negotiations.

"We've made headway, we've narrowed the differences," Ross told Reuters yesterday. "I believe that the differences that exist right now are very definitely bridgeable."

Chief Palestinian negotiator Saeb

Erekat said yesterday that Palestinians and Israelis disagree on four major points over which the Palestinians cannot compromise. At the same time, he insisted the talks are not deadlocked, and subcommittees dealing with issues such as the Gaza airport would meet this week.

Israeli officials also insisted there is a need for both sides to meet, saying it is even harder to restart talks if there is a rupture. Yet no breakthrough is expected, and until this occurs, neither side is seeking a summit meeting.

Both sides blamed each other for the lack of progress. Speaking to reporters upon arrival in Norway yesterday, Arafat said, "The Israelis set new conditions every day."

Prime Minister Binyamin Netanyahu told a press conference at his bureau yesterday, "We are very close to being finished. We could have finished the agree-

ment last night. I have no doubt about it. I really hope the appropriate instructions will come from the Palestinian side. At this point, those instructions have not been given."

"For close to two weeks we have been on the verge of an agreement [with the Palestinians] and we could have closed the deal [on Sunday] night. I am convinced of that."

Noting that "there had even been slight signs of backtracking," Netanyahu added: "The Palestinians will hopefully reach the conclusion that it is in the best interests of both sides to reach and to maintain agreements."

The assumption that the blame will always automatically be placed on Israel for failing to reach an agreement "no

longer works," he said. "It is a false assumption," not only in the US and Europe, "but even - and this is most important - in the Arab world."

Government officials say there was a conceptual understanding on the key issues brokered by Ross over the weekend, but there was a failure to translate those understandings into written agreements.

According to sources close to the negotiations, there was an understanding on how to deal both with the issue of Israeli hot pursuit of terrorist suspects into Palestinian areas as well as whether a key street in Hebron would remain open.

However, sources say these issues were never even addressed, let alone set down in writing, in a meeting at the Herzliya home of US Ambassador Martin Indyk, which began at 2 a.m. Monday.

"Within a half hour after the start of the

meeting, it was clear that we were not even dealing with the big issues, but were sidetracked with other issues which were unresolved. It did not change for the rest of the meeting," a source close to the negotiations said.

While Israelis say these issues were resolved and the Palestinians were "reopening them," it seems that differences on these issues remain. One of the issues is whether Palestinian policemen could carry only pistols or rifles.

The hot-pursuit issue and the opening of the street were not even dealt with, and the talks ended inconclusively around 5 a.m. yesterday morning.

In delineating the points of disagreement, Erekat said the following:

- On hot pursuit: "There will be no hot pursuit. It's like asking us to be impotent. If the [Oslo 2] agreement says the Israelis

(Continued on Page 4)



Palestinian youths unfurl their national flag during a wake at the home of Hilmi Shoushi, a boy allegedly beaten to death by a settler on Sunday.

Settlement security boss denies beating Arab boy to death

JUDEA and Samaria police have yet to decide whether to keep in custody a Hadar Betar security officer who Palestinian residents say beat to death 11-year-old Hilmi Shoushi on Sunday, spokesman Boaz Goldenberg said yesterday.

The boy had apparently been throwing stones at cars, when suspect Nahum Korman allegedly chased him into the village of Husan and beat him. Korman reportedly at first admitted hitting the boy, but later denied this and according to police is not cooperating in his investigation.

The boy's body was taken for autopsy to the National Forensics Institute at Abu Kabir yesterday, where doctors determined he died from a blow to the left side of his neck, which caused a blood clot in the brain, Goldenberg said.

"It is not yet clear whether the

injury was caused by a fall, as the security officer claims, or that the child was beaten by the officer, as the residents claim," he said.

A doctor hired by the boy's family was present during the autopsy, according to the spokesman. Investigators questioned Palestinian residents from the area who witnessed the incident. There were no Jewish witnesses, he said.

In the village of Husan near Bethlehem yesterday, Fatah youths posted notices condemning "criminal settlers" for Shoushi's death.

According to eyewitnesses, Shoushi was on his way home from school Sunday with two friends when Korman sped into

the village in a four-wheel-drive vehicle, stopped, and then chased them on foot; apparently after someone complained youths had thrown stones near his settlement of Hadar Betar.

Witnesses said Korman grabbed Shoushi and kicked him in the head, threw him to the ground, hit him with a gun butt, and kicked him again. When village woman saw that the boy was unconscious, they grabbed Korman and demanded he take him to the hospital.

Instead, Korman called for an ambulance, which took Shoushi to Hadassah-University Hospital in Jerusalem's Ein Kerem section. There he was pronounced dead early yesterday morning.

Shoushi lived in Husan with his mother and grandparents, but was an Israeli citizen through his

(Continued on Page 4)

Gesher threatens to vote against budget

THE Gesher faction threatened yesterday to vote against the 1997 budget in its first reading if major changes are not made in the next two days.

The debate on the budget is to start today, and the vote is to take place tomorrow.

"I cannot support injury to the weaker members of society," said faction chairman Maxim Levy, at a meeting of the Likud faction last night. "The Treasury must propose alternative budget cuts... As a matter of conscience and principle, I cannot vote for this budget."

Levy was echoed by fellow faction member Yehuda Lancri. However, it is not yet clear that he

speaks for the entire seven-member faction - particularly Foreign Minister David Levy and Deputy Finance Minister David Magen.

MK Michael Kleiner also took a slightly softer line, saying he would support the budget tomorrow if he receives a firm commitment for future changes from Finance Minister Dan Meridor, rather than merely a promise to discuss the matter.

So far, Tsomet is the only coalition member which has publicly announced support for the budget. The five other members have officially not yet made up their minds.

Both Meridor and Prime Minister Binyamin Netanyahu spent much of the evening trying to win over their own party. Netanyahu stressed that the first reading of the budget is a crucial test for the coalition.

"If we don't pass the budget on Wednesday, this will impact on many other things," he said. "Now is the time for responsibility. I ask you all to do everything you can to pass the budget."

Meridor also tried to get his message across at an earlier meeting with the social caucus, in which the Likud is heavily represented. Like the Likud faction, caucus members

were especially angry over three issues: the cut in child allowances, the decision to increase payments for a visit to the doctor, and the refusal to increase employers' National Insurance payments, which would reduce the amount the government pays the National Insurance Institute.

"If you want the budget to receive backing, you must give the impression that the burden is being divided fairly," said Histadrut chairman Amir Peretz (Labor), summing up the feelings of many coalition members. Currently, Peretz said, the feeling is that the burden is mainly on the lower classes.

(Continued on Page 9)

Mordechai: No official has said 'not one inch' on Golan

NO senior government official has said "not one inch on the Golan," Defense Minister Yitzhak Mordechai reportedly told the Knesset Foreign Affairs and Defense Committee yesterday.

After the closed meeting, Mordechai told reporters he was calling on Syria to resume the peace negotiations.

According to an official briefing, Mordechai said there had been "certain changes in Syrian strategy. Up until a certain point, Syria had considered the diplomatic process to be the only option, but recently it began talking of the military option as well. We can't give it a time frame, but it requires maximum alert."

Mordechai also said a large Syrian exercise is

planned soon "and therefore we're taking necessary steps to maintain maximum alertness, while preventing a deterioration in the situation."

"We're carrying out assessments as often as necessary. Even though there is an assessment that [President Hafez] Assad won't act before the US elections, we cannot ignore the facts on the ground..."

"We're not interested in conflict with Syria unless we're threatened," Mordechai said.

Brig-Gen. Amos Gilad, head of the research department in military intelligence, said there are no concrete indications of a planned Syrian attack. He said that Syria routinely holds military maneuvers at this time of year.

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Microsoft, local company to offer video link on Internet

JERUSALEM POST Staff and news agencies

MICROSOFT Corp. has purchased equity in the local company VDOnet, which specializes in software enabling high-quality video transmissions over the Internet.

A press release yesterday said the companies had entered a licensing agreement regarding Internet communication technologies. It did not specify the extent of Microsoft's investment.

The purchase is reportedly the software giant's first investment here.

"Microsoft has been actively evolving technology and products to make communication over the Internet a valuable experience," said John Ludwig, vice president in the Internet platform and tools division at Microsoft. "We concluded that VDOnet and its technology will complement our efforts and play a vital role in the future of network communications."

VDOnet's breakthrough technology offers high-quality video optimized for communication over low-bandwidth connections, the release said.

Wild horse upsets donkey's redemption

SEVEN persons were lightly injured yesterday at a biblical ceremony celebrating the redemption of a first-born donkey in Sderot, when the horse pulling the donkey's cart ran amok into the crowd.

Thousands had gathered at the Negev town's stadium for the rare ceremony, during which the donkey was to be redeemed from a kohen, a member of the priestly class, by exchanging it for a sheep or its monetary equivalent. Rabbi Yitzhak Kadourie, the well-known cabalist, was to officiate and the overflow crowd was anxiously awaiting his arrival by helicopter.

As hundreds of spectators unable to find seats in the stadium milled about outside, a horse-drawn cart arrived bearing the celebrant donkey, which was adorned with gold jewelry and other decorations.

The horse, for unknown reasons, suddenly bolted, dragging the cart and donkey into the crowd.

(Continued on Page 4)

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Mordechai blames Arafat for delay in Hebron deal

DEFENSE Minister Yitzhak Mordechai yesterday placed the responsibility for the delay in reaching a Hebron agreement firmly on Palestinian Authority Chairman Yasser Arafat. "Arafat is delaying the signing for reasons I don't understand," he told the Knesset Foreign Affairs and Defense Committee.

LIAT COLLINS

in Hebron, with Barak noting it could break out either before or after redeployment. Mordechai said the agreement on civilian authority in Hebron is ready for signing, and with more flexibility on Arafat's part the security agreement could also be signed.

ing, some in interpretation," he said. "But an agreement could have been signed [Sunday] night. It would have been possible to leave the other issues for a meeting between Netanyahu and Arafat, but [Arafat] decided to go away."

Levinger: Hebron settlers will defend themselves if attacked

HEBRON'S Jews will defend themselves if it becomes clear that a "massacre" is in the offing, Hebron resident Rabbi Moshe Levinger said yesterday, adding that if the IDF redeploy, a massacre is a real possibility.

HERB KEINON

The NRP representatives heard Levinger enumerate what he said are the two prime dangers of redeployment — that a mob of thousands of Palestinians will descend on the Jewish enclave, rendering the IDF impotent, and that snipers will fire at the settlement from the city's hills.

that changes are made in the accords that will ensure the security of the settlement.

The NRP central committee adopted resolutions calling for the IDF to remain responsible for security, for Israel to retain control over municipal matters affecting the settlement, that Jewish access to the holy places be preserved, that a continuous territorial strip be maintained from Kiryat Arba to the Jewish enclave in Hebron, and that the settlement in Hebron be allowed to grow.



Hagai Ben-Artzi, the brother of Prime Minister Binyamin Netanyahu's wife Sara, settles in Hebron, where he moved Sunday to protest the government's plan to redeploy the IDF in the city.

Sarid, Netanyahu discuss PA, Syria

LIAT COLLINS and BATSHEVA TSUR

MERETZ leader Yossi Sarid and Prime Minister Binyamin Netanyahu had a meeting yesterday at which Sarid relayed his impressions of his latest contacts with the Palestinian Authority, and Netanyahu discussed the state of the negotiations with Syria.

He told of his meeting with Egyptian President Hosni Mubarak, who told him the peace has not died. "But we cannot be complacent," Peres said.

Meanwhile, Netanyahu has come under fire from Absorption Minister Yuli Edelstein over his handling of the Hebron negotiations.

Speaking during a tour of new immigrant facilities in Beersheba, Edelstein said he could not vote on a plan about which he has no details, saying that Netanyahu and two other ministers are making all the decisions.

"I hope we will reach an agreement soon, but I personally have let [Netanyahu] know that I can not vote for something which I have not had a chance to study carefully. A matter of 50 meters could bring the downfall not only of Hebron but of the whole thing," he said.

Edelstein also criticized the pace of the negotiations. "I think we have to take our time. I very much disliked what happened [Sunday]. Just because Arafat has to travel, we have to rush to complete the negotiations? There is no such thing."

"It is an agreement for generations, so it can take another few weeks to reach."

Arafat begins European trip

News agencies

OSLO — Brushing aside US objections, Yasser Arafat yesterday started a European tour in hopes of picking up support for the peace process, after the talks on Hebron reached an impasse.

Arafat's visit to Norway began hours after the US-mediated talks stalled late Sunday night. US peace process coordinator Dennis Ross, who had been mediating the talks, criticized the timing of Arafat's trip.

Making his first visit to Oslo as chairman of the Palestinian Authority, Arafat became the first foreign guest received by Prime Minister Thorbjørn Jagland, who succeeded his Labor Party colleague Gro Harlem Brundtland on Friday.

Jagland said he was happy his first official duty as prime minister was to greet Arafat. He stressed the continuing Norwegian commitment to the peace process.

Arafat met sharp criticism for going ahead with a four-day European tour during a critical phase in the Hebron negotiations.

Arafat acknowledged that a purpose of the trip was to enlist international support for the Palestinian position.

"I am here to get help from our Norwegian friends at this difficult time," he said, adding that the negotiations are continuing in the subcommittees, and that he is hoping for progress within the next few days.

Arafat is to leave Oslo today and continue on to Ireland — the current EU president — and Spain. He is expected to leave Spain on Friday.

Hussein to meet Mubarak in Egypt

KING Hussein of Jordan is to meet with Egyptian President Hosni Mubarak in Sharm el-Sheikh today to discuss the stalled Middle East peace process, a Jordanian official said.

He said the decision to hold the previously unplanned meeting was made in a telephone call between the two leaders. *Reuter*

Reports of bids to undermine redeployment

LIAT COLLINS and Itim

THE security forces have information concerning attempts to torpedo the coming IDF redeployment in Hebron, Internal Security Minister Avigdor Kahalani said yesterday.

Speaking to reporters on a tour of Ramle's Neveh Tirza prison for women, Kahalani said steps are being considered "regarding an increased state of alert" in Hebron.

The redeployment will probably not be as calm as hoped for, Kahalani said, noting reports of several attempts to undermine it. Those who live in Hebron must understand that a formula must be found for Jews and Arabs to live together there, just as they do in Jaffa and Tel Aviv, he said.

Defense Minister Yitzhak Mordechai echoed the point later in the day in Jerusalem. "There are some elements [in Hebron] who have the capability of realizing all the existing dangers there," he told Knesset reporters after yesterday's Foreign Affairs and Defense Committee meeting. Saying that extremists should "cool down their responses," Mordechai said both sides are committed to the peace process.

Different negotiating styles combined with lack of trust led to impasse

SUBSTANTIVE differences aside, the impasse in the Hebron redeployment talks can be traced to distinctly different negotiating styles, but also to a lack of trust between the two sides.

The difference in negotiating styles can probably be bridged once the leaders on both sides push their negotiators to finish. But the lack of trust is more fundamental and will inevitably bedevil the sides even after the talks are concluded.

Differences on dealing with the hot-pursuit issue illuminate the broader stylistic differences between two negotiators: a corporate attorney and a nationalistic academic. Yitzhak Molcho, a lawyer and personal friend of Prime Minister Binyamin Netanyahu, wanted the right to engage in hot pursuit in Palestinian-dominated parts of Hebron to be spelled out as explicitly as possible.

However, ambiguity is precisely what his counterpart, Saeb Erekat, wanted. Noting that

ANALYSIS
DAVID MAKOVSKY

hot pursuit is mentioned elsewhere in the Oslo 2 accord, Erekat felt there was no need to spell out details when it came to Hebron.

Already seen by the Israelis as an obstructionist or "intellectual muscleman" for his contentious tone, and viewed as always seeking to dilute or unravel previous joint drafts, Erekat suggested he wanted to keep wording general to appease both his own nationalism and Palestinian public opinion.

"It's like asking us to be impotent," Erekat said, in explaining his objection to detailing the issue.

However, sources close to the negotiations said there is more to the impasse than differences of style, as the Palestinians simply do not trust the Israelis, and believe the Netanyahu

government will use any right of hot pursuit to routinely enter Palestinian areas.

Nor does Israel trust the Palestinians, demanding that things be written down to prevent them from later backing down from verbal agreements. This focus on the written word gained special potency due to repeated Palestinian references to the wording of Oslo 2.

One source expressed frustration with both negotiators.

"Erekat and Molcho are the perfect pair," he said. "They deserve each other, as both lack experience in such delicate negotiations. One cannot have a situation where one side wants to nail down all possibilities in order to protect one's own interest, while being ambiguous when it comes to the concerns of the other side."

"This negotiation could have been easily wrapped up, and it still may be. However, it requires some trust and cooperation, which is what a peace agreement is all about."

Joint patrols under discussion

ISRAEL and the Palestinians are discussing resuming the joint patrols halted following last month's bloody clashes, security sources said, but denied reports that they would resume shortly in the Kalkilya region.

So far no formula for restarting the patrols has been reached, the sources said. But it is a matter of time before the patrols resume throughout the West Bank, they said.

Brig.-Gen. Herzl Getz, the Israeli head of the committee that deals with day-to-day security issues, met yesterday with his Palestinian counterpart, Brig.-Gen. Ziyad Atrash.

There was some progress made, but no agreement reached to resume the patrols, security sources said.

Palestinians are interested in resuming the patrols because they feel the patrols would prevent Israel from carrying out unilateral actions. Israel, however, is concerned for the safety of its troops on the patrols, since during last month's clashes border policemen were shot at by Palestinian officers, in some cases officers with whom they had patrolled. *Uriah O'Sullivan*



Susanna Goncz, wife of the Hungarian president, visits Jerusalem's Beit Tamar, a home for handicapped children whose families cannot care for them, yesterday. The home was founded by ILAN, the Israel Foundation for Handicapped Children, and the Joint.

EU names Spaniard as Mideast envoy

News agencies

LUXEMBOURG (Reuters) — The European Union yesterday named Spanish Ambassador to Israel Miguel Angel Moratinos to be its special envoy to the Middle East, EU diplomats said.

EU foreign ministers gave Moratinos a mandate to observe the peace process, establish relations with Israeli and Palestinian negotiators and to report on possible EU actions. German Foreign Minister Klaus Kinkel said Moratinos will give up his ambassadorial position to concentrate on the task.

EU leaders agreed to appoint an envoy at their special summit in Dublin on October 5. The 15-nation bloc, urged on by France, has been seeking to play a greater role in the Middle East peace process.

EU officials said Moratinos was a very knowledgeable diplomat with years of experience in the Middle East. He is currently also director of Spain's Institute for cooperation with Africa and the Middle East.

French Foreign Minister Herve de Charette said Moratinos will need his "talents as a negotiator."

Spain's Foreign Minister Abel Matutes said that by sending a special envoy, the EU did not intend "to be against somebody, but to be there just for peace, in a complementary role of the United States."

Settlers deny Peace Now claim of new settlement

Peace Now yesterday claimed that a new settlement has recently been established on a hill near Itamar, not far from Nablus, and sent a letter to Defense Minister Yitzhak Mordechai demanding that it be removed.

But Yechiel Leiter, spokesman for the Council of Jewish Communities in Judea, Samaria and Gaza, said that the mobile homes have been there for at least two years, and that they were placed on land belonging to Itamar. *Herb Keinon*

With great sorrow we announce the passing of

JACK CARABOK

The funeral will take place today,
Tuesday, October 29, 1996,
at the Mesilat Zion Cemetery at 3 p.m.

The Family

With deep sorrow I mourn the loss of

JACOB SHEMONI ז"ל

a beloved cousin, confidant and friend of my husband,
Dr BINYAMIN HALEVI ז"ל

My sincere condolences to his beloved family.
He will be missed dearly.

Michal Halevi

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The public is invited to nominate additional candidates.
(Anyone who nominated candidates in 5755 is requested not to resubmit the nomination)

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הגלגל של אלאס

Arafat begins European trip

Yasser Arafat yesterday started a European tour in hopes of picking up support for the peace process...



Jewish Agency Chairman Avraham Burg shows the logo for the Zionism centennial to his father, former minister Josef Burg (left) and Agency Board of Governors honorary chairman Max Fischer.

Michael Eitan invites Likud MKs to join talks with Beilin

Coalition chairman Michael Eitan told the Likud Knesset faction about his discussions with MK Yossi Beilin (Labor) on permanent arrangements with the Palestinians...

PM, Burg discuss rotating Agency, WZO chairs

The idea of rotating the chairmanships of the World Zionist Organization and the Jewish Agency has been discussed with Prime Minister Binyamin Netanyahu...

NEWS IN BRIEF

Deri must take stand in own defense: The Jerusalem District Court yesterday rejected Shas MK Aryeh Deri's argument that the prosecution in his bribery trial had not presented a case against him...

Hussein to meet Mubarak in Egypt

Jordanian King Hussein is expected to meet Egyptian President Hosni Mubarak in Cairo on Friday.

Tichon angry over film probe on office renovations

Knesset Speaker Dan Tichon has asked the police to investigate how a reporter and cameraman entered his office without being noticed and recorded the renovation work being carried out...

New Internal Security operations head

Cmdr. Yossi Levy, outgoing head of the police investigations division, has agreed to head the Internal Security Ministry's Operations Department...

Hebrew U. to bestow Rabin scholarships

The first 50 scholarships of the Yitzhak Rabin Memorial Scholarship Program, established by Sam and Jean Rothberg of the US, are to be awarded by the Hebrew University and the Soldiers' Welfare Association today.

Knesset Speaker's Quality of Life Prize Fund

The Knesset Speaker's Quality of Life Prize Fund is awarded to nominees in the following categories...

More single, 40+ women applying to sperm bank

A GROWING number of single women over 40, who want to have a baby before they become infertile, have applied to Assaf Harofeh Hospital's sperm bank...

Palestinian gets life for farmer's murder

ABED Alrauf, 26, from a refugee camp near Jenin, was sentenced to life imprisonment yesterday by the Nazareth District Court for the 1992 murder of Shimon Avraham of Moshav Meitav.

Long school day pilot project to start in January

The government plans to introduce a long school day for certain disadvantaged pupils starting in January, the prime minister, finance, and education ministers announced yesterday at a joint press conference in Jerusalem.

The Miriam Adahan Handbooks advertisement featuring various titles like 'NOBODY'S PERFECT', 'AFTER THE CHUPPAH', and 'LIVING WITH KIDS'.

Scholarships for Study Abroad for the Academic Year 1997-98 advertisement from the Ministry of Education, Culture and Sport.

Wish Boys

Advertisement for 'Wish Boys'.

Refugees report many dead as Zaire rebels advance

BUKAVU, Zaire (Reuters) - The last foreign aid workers in the beleaguered city of Bukavu fled by plane yesterday, as refugees reaching Rwanda reported many had died in the east Zaire fighting.

In the Zairean village of Bumba in North Kivu province, Reuters cameraman Leon Malherbe saw the bodies of more than 14 men, women, and children in addition to limbs sticking out of the earth.

Zairean refugees, who fled over the Rwandan border crossing of Mutura on Sunday, told Reuters they had left behind many dead and dying in huts in Bumba just across the border.

The fighting pits Zairean troops against ethnic Tutsi rebels and has put a question mark over the future integrity of Zaire, whose President Mobutu Sese Seko has spent more than two months in Switzerland for cancer treatment.

The conflict has forced hundreds of thousands of Rwandan refugees in Zaire on the move. Some 420,000 are now crowded into eastern Zaire's Mugunga camp, which since the weekend has become the biggest refugee camp in the world, UN spokesman Panos Mountzis said from the Zaire town of Goma.

As the sounds of battle drew closer to Bukavu, the last seven aid workers fled by plane for Kenya, leaving journalists as some of the few foreigners in town.

The seven were from the International Committee of the Red Cross, the International Federation of Red Cross and Red Crescent Societies, the Belgian Red Cross, and the World Health Organization.

Aid workers in East Africa said their departure meant no other foreign aid workers remained in the troubled city.

Soon after their departure, Zairean soldiers looted the aid complex in Bukavu, carting off computers, telephones, and other equipment.

International aid agencies evacuated most of their staff on Saturday from Bukavu, the South Kivu provincial capital, under threat of attack by the advancing Banyamulenge Tutsi rebels.

The Banyamulenge, from a 300,000-strong Tutsi community that migrated from what is now Rwanda to Zaire up to 200 years ago, have already taken a string of towns south of Bukavu.

In Kigali, Rwandan President Pasteur Bizimungu denied providing military help to the rebels, but said he morally supports their struggle against "extermination" by Zairean authorities.

Zaire says it has been invaded by Rwandan troops.

France denied rumors circulating in African capitals that it would intervene militarily in Zaire.

"There are no French combat

troops in Zaire; there are no French military personnel anywhere near the conflict area and no plans to send any," a senior military source in Paris told Reuters.

Refugees arriving from Zaire in Rwanda told harrowing tales of slaughter.

"Many of our own people and the Rwandans were killed," said Zairean refugee Banze Kuyurwa, a father of five, who added Zairean troops had looted his home and raped his wife.

The UN World Food Program (WFP) said an estimated 700 Rwandan refugees and 3,300 Zaireans fled across the border to Rwanda on Sunday.

UN spokesman Mountzis said UNHCR estimated some 500,000 people - most of them Rwandan and Burundian refugees - had been uprooted by more than a week of fighting.

The line of camps stretches over about 250 km. in the extreme east of Zaire facing both Rwanda and Burundi.

A total of 200,000 Rwandan Hutu refugees emptied Kibumba camp over the weekend after an attack in which four refugees were killed, according to aid workers.

For the Hutu refugees, a return to Rwanda which they fled two years ago would be a gamble. Many are afraid of reprisals for the genocide of Rwandan Tutsis in 1994 by Hutus.



Cairo rescue workers search for survivors on top of the rubble of the 11-story apartment block in the Heliopolis suburb of the Egyptian capital yesterday. (Reuters)

Ten die, over 100 missing in Cairo apartment block collapse

CAIRO (Reuters) - Egyptian rescue workers have recovered 10 bodies and fear over 100 people are dead after the collapse of a Cairo apartment block which authorities yesterday said had been illegally heightened.

The 11-story building, located two blocks from the home of President Hosni Mubarak, caved in on its residents in the Cairo suburb of Heliopolis on Sunday evening.

Rescue workers - who have pulled 21 people from the ruins - continued to search the mountain of rubble, but hope of finding more survivors has dwindled.

"Unless a heavenly miracle happens, it's impossible to find any survivors," Dr. Mahmoud Sharawi said.

A medical team had to amputate a man's legs, which were wedged beneath a wall, before they could extricate him. He died later in hospital and most of the survivors are in critical condition, doctors said.

Bulldozers removed concrete slabs and steel bars, baring arms, legs, and other body parts.

The Interior Ministry said in a statement prosecutors are questioning the owner of the building, Raouf Wissa Ibrahim, for illegally adding five stories after getting permission to build one more floor.

The porter of the building also said he thought renovation work in one of the 40 apartments might have affected the structure and caused the collapse.

Dr. Sayed Mohammed told Reuters at the scene that rescuers need at least two more days to recover all the bodies from the huge heap of concrete chunks and steel reinforcement rods.

"It's going to take two days, maybe even three days, just to get everybody out ... this building has the Cairo Scan x-ray and radiology clinic and there were a lot of people doing

scans there. No one knows how many are underneath," Mohammed said.

Only a corner of the 25-year-old building is standing.

Ambulances and a heavy crane were parked at the base of the ruins, a surreal burial ground scattered with personal effects like record albums, refrigerators, and handbags.

"All of a sudden we heard a sound like a bomb and then dust. Then we heard what sounded like people crying for help," Magdi Abdel Foutouh, who lives in the neighboring block, told Reuters.

Soaring Cairo real estate prices have often pushed landlords to add extra floors to their properties illegally.

Several buildings have collapsed beneath the extra weight and recent earthquakes have also taken their toll on poorly constructed buildings in the crowded city.

Bank of Portugal denies it laundered Nazi gold

LISBON (Reuters) - The Bank of Portugal yesterday confirmed a magazine report that it had received gold from Nazi Germany, but rejected the implication it had laundered or hidden stolen assets.

"There is nothing that would implicate the Bank of Portugal in any laundering operation," a central bank spokesman told Reuters when asked to confirm the article in the November 4 edition of *Newsweek*.

The US magazine said that, while the Swiss may have borne the blame for laundering Nazi gold, other countries were involved in moving and hiding assets stolen mainly from Jews and keeping them from their rightful owners afterwards.

It said Portugal might have been the recipient of the largest amount of stolen gold which had not been accounted for.

The bank spokesman said: "During the Second World War our [gold] reserves did grow but this was because we were selling goods and services, such as wolfram which is used in explosives, to Germany. They had no proper currency with which to pay so we took gold."

Asked if the gold might have been stolen from Jews, he said: "How could you tell? Gold has no race."

Bulgarian Socialists suffer worst-ever election defeat

SOFIA (Reuters) - Bulgaria's ruling ex-communists suffered the worst defeat in their history in weekend presidential polls, losing a million votes from an electorate weary of economic crisis, preliminary results showed yesterday.

With 85 percent of results counted, the 6.75 million voters of this former Soviet satellite gave opposition candidate Petar Stoyanov a clear - though not decisive - lead.

Stoyanov was leading with 43.77 percent of the vote, according to the electoral commission, with his Socialist rival Ivan Marazov trailing second with 27.4%.

Final results are due tomorrow. Since neither gained an absolute majority, the two front-runners now face a deciding round on November 3, which Stoyanov has predicted he will win.

"This result is a vote of no confidence in the Bulgarian government," Stoyanov, a 44-year-old lawyer, told reporters. He said that if elected he would work towards bringing Bulgaria close to NATO and the European Union.

Sunday's estimated turnout of 60% was much lower than the 75% recorded for the 1994 parliamentary election, and analysts said the

Bulgarian Socialist Party (BSP) also lost votes to protest candidates like George Ganchev of the Bulgarian Business Bloc, who polled 22.8%.

"The overwhelming victory of the united opposition arose from the disintegration of the traditional Socialist electorate," said Andrei Raichev of Gallup. "The BSP lost one million of its voters. Part of them voted for Ganchev and the others did not vote at all."

After Communist leader Todor Zhivkov was toppled in 1989, his former party colleagues hastily renamed themselves Socialists and stunned the rest of Europe by winning parliamentary elections in 1990.

Yesterday's newspapers described Stoyanov's lead as a stinging blow to the Socialist government.

"There is no winner but we know who the loser is," said *Trud*, while *Komunist* noted: "The BSP has lost elections before, but never by such a wide margin."

The government of Prime Minister Zhan Videnov has a secure majority in parliament, where real power lies, but analysts expect the latest result to widen splits within the Socialists and increase pressure for an early parliamentary election.

Yeltsin cancels all meetings as he preapres for surgery

MOSCOW (AP) - President Boris Yeltsin yesterday canceled all meetings for this week because of unspecified medical tests, during what his spokesman called "the final stage of preparations" for heart surgery.

Yeltsin also ordered his former bodyguard and one-time close friend to be relieved of his military duties because of what the president said were "slanderous statements" about him and his family.

Among other things, Alexander Korzhakov had said Yeltsin is too sick to govern, and is being manipulated by his daughter and chief of staff.

Yeltsin's aides have insisted that he is fully in charge, and that even when he is not meeting with people, he does paperwork and speaks on the telephone.

Yeltsin spokesman Sergei Yastrzhembsky told a Kremlin news conference that Yeltsin's doctors had recommended complete rest while he undergoes the tests. He said even the president's weekly meeting with the prime minister would be canceled.

"The preparations have entered their final stage," Yastrzhembsky said. "Everything is proceeding as normal."

Yeltsin had been holding almost daily meetings at a government health resort outside Moscow while awaiting multiple heart bypass surgery, expected to take place sometime between mid-November and mid-December. He was last seen

in state television news footage Friday, meeting with the mayor of Moscow.

"On the recommendation of his doctors, all the president's meetings have been canceled," the spokesman said.

It was not clear what kind of tests were involved, but the spokesman indicated there was no change in the president's health.

While absent from the Kremlin, Yeltsin has issued frequent decrees. Yesterday morning, he relieved Korzhakov of his military duties.

Korzhakov, a lieutenant general in the state security services, wielded enormous behind-the-scenes power before being fired as Yeltsin's personal security chief in June. He has since emerged as a key player in Kremlin power struggles, and threatened to reveal incriminating evidence against unspecified officials.

Korzhakov has called on Yeltsin to resign because of ill health. He accuses the president's younger daughter, Tatyana, and chief of staff Anatoly Chubais of wielding the true power in Russia.

Yeltsin's decree accused Korzhakov of "a series of slanderous statements concerning the Russian president and members of his family," and of releasing confidential information and trying to discredit top state officials.

Yeltsin said Korzhakov "crudely violated his duties as a serviceman, as well as ethical standards, and stained the honor

of a Russian officer."

Korzhakov's office did not immediately comment.

Tensions between Korzhakov and Chubais, a skilled political survivor who gained prominence as an architect of economic reforms, sharpened in June after the first round of Yeltsin's re-election campaign.

When Korzhakov's people arrested two campaign workers, Chubais - who was heading the campaign - used the incident to depose him.

Korzhakov had for years been Yeltsin's constant companion. Yeltsin's wife, Naina, said after Korzhakov's dismissal that it was like losing a member of the family.

Korzhakov's toughest accusations so far have targeted Chubais, rather than Yeltsin himself.

"I worked with Boris Nikolayevich for 11 years," he told a news conference earlier this month. "I've seen a lot and I know a lot: How people climbed up the ladder, the intrigues, the wild parties, a lot of things that happened abroad."

Under Russia's constitution, the prime minister would take over if the president dies or is seriously incapacitated. Elections would have to be held within three months.

Yeltsin has said he will temporarily transfer his powers to Prime Minister Viktor Chernomyrdin during his operation. Asked yesterday if the time had come for the transfer, Yeltsin's spokesman said, "So far it doesn't mean that."

Malta voters elect Labor, reject EU membership

VALLETTA (Reuters) - In a remarkable upset election victory for the Labor Party, sealed yesterday, the people of Malta rejected European Union membership and the Mediterranean island's VAT taxation system imposed to meet Europe's rules.

Labor leader Alfred Sant, 48, was sworn in as prime minister by President Ugo Mifsud Bonnici, a former minister of the Nationalist Party, which was defeated in Saturday's general election after nine years in power.

Official results after a record turnout of 97 percent from the nearly 275,000 electorate gave Labor 50.72%.

This was a majority of more than 7,600 votes over the Nationalists, who had been returned with a record 13,000-vote majority in the last election in 1992 and promised to take Malta into the EU.

Under Sant's leadership, Malta can be expected to forge closer ties with North Africa, including Libya, with whom it traditionally has close relations.

"We want a special relationship with Europe, but I argue that you start with your neighbors," Sant told Reuters earlier, adding that he wanted friendly relations with Libya, although Malta would adhere to UN sanctions imposed on Tripoli over the Lockerbie aircraft bombing.

His party's policy was for "two basic orientations ... the European and Mediterranean directions."

Labor's manifesto promises "an active endeavour for peace and friendship between Mediterranean countries." But it accepts Malta has "deep political, commercial and cultural ties" with Europe.

Except for VAT and pulling out of NATO's Partnership for Peace Program, Sant is not expected to roll back many of the changes already introduced under ousted prime minister Edward Fenech Adami's preparations for EU membership.

"In the longer term, Labor has commitments with Europe and there will be a need for many discussions between Malta and the EU to have the close relationship Sant talks about," said one foreign political analyst. "They [Labor] are also committed to have Malta as a financial center and will want to maintain the confidence of the financial community."

Tens of thousands of Labor supporters streamed on Monday to Palace Square outside the 17th-century presidential palace for the swearing-in ceremony.

A forest of red, and red and white, party flags waved to blasts from gas aerosol-activated horns, cheers, and chants as the Labor leader's car arrived, a passage being forced through the crowd by police and party aides.

TALKS

(Continued from Page 1) have the right to engagement then fine, we accept the agreement. But what about the other 20 parts? They want to be selective. Forget it."

Erekat said the Palestinians would not agree to joint hot pursuit either, but in the case of a terror attack then the joint mobile units would be brought into operation. "What else are they for?" he asked.

On opening Shuhada (Martyrs) Street (the kilometer-long road named King David Street by the residents of Beit Hadassah is sealed off at both ends by an army post. No Arab cars are allowed through and pedestrians are checked):

"There must be no barriers. It is impossible to suffocate a whole city for a few hundred settlers, and you know what they are like," Erekat said.

On arming the Palestinian Police: Erekat said the Palestinians would not agree to Israel's demand to keep the rifles in police stations.

The agreement says they are to be used for the protection of the police stations, but Erekat said they should be used "exactly as they are in other West Bank towns," where they are deployed freely inside area A.

On opening the retail market next to the Avraham Avinu quarter, which settlers claim is stolen Jewish property: Palestinians say it all belongs to the Wakf and may have been leased to Jews, but by now should revert to the Wakf. The government wants it reopened as a wholesale market, to limit the number visitors to the market.

In addition, Erekat deplored Israel's attitude toward the Palestinian negotiators. Mahmoud Abbas, Arafat's deputy, as well as Yasser Abed-Rabbo were "kept waiting for more than an hour at the Erez checkpoint" by IDF soldiers before being allowed to proceed to Indyk's home.

Batsheva Tsur contributed to this report.

DONKEY

(Continued from Page 1) Seven spectators were taken to Barzilai Hospital in Ashkelon, where they were treated for light injuries and released.

Kadourie arrived after the incident and pronounced a blessing on the town's residents. He lauded them for helping to perform "a very important and

BOY

our land," "Netanyahu's politics," and the trouble caused by "the bullets of the Jews." The men listened, but did not respond.

The violent death of a child is a difficult blow to bear, but in Shoushi's case it has apparently been a double blow. His two-year-old sister suffers from genetic defects affecting her physical development and she was to have received a bone marrow transplant from Hilmi, the most compatible donor among her six siblings. Now her life is considered lost, since her twin sister died several months ago from the same disease.

"His death kills two," Sa'er Shoushi said after the autopsy report was announced.

The presence of hereditary disease led the pathologists not to rule out that Hilmi may have suffered from heart problems which could have contributed to his death after falling or being hit.

Liat Collins adds: Meretz leader Yossi Sarid is demanding Korman be held until the end of any proceedings against him. Sarid described the death as "shocking."

Moshe Shahal (Labor) said the death of a child should be condemned by all.

The Hadash faction issued a statement expressing "shock and disgust" and blaming the atmosphere for creating the atmosphere in which acts of violence by the far Right could take place.

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War a constant backdrop for Afghan villagers

ESTALEF, Afghanistan (Reuter) — Men in the Afghan village of Estalef lifted stones and shovelled dirt as they set about restoring the Hazret Bilal mosque yesterday, while intermittent shelling growled in the valley below.

It was during the Soviet invasion that Russian soldiers destroyed the mosque, set among Estalef's narrow stone and mud-walled streets which are built on the foothills of the Paghman mountains, some 60 km. north of the capital Kabul.

"Whether there is fighting or not, we have to build the mosque as we need a place to pray," said Abdul Mohammed Qasob, 55, one of the workmen. "If we wait for peace to build the mosque, we'll wait all our lives."

In the valley below the village, hidden behind yellow-leaved poplars and tall pines, forces loyal to the former Afghan government are trying to dislodge the radical Islamic Taleban militia from Kabul, but are stuck at two passes north of the capital.

The Taleban seized Kabul at the end of last month, placing over two-thirds of the war-torn country in its hands.

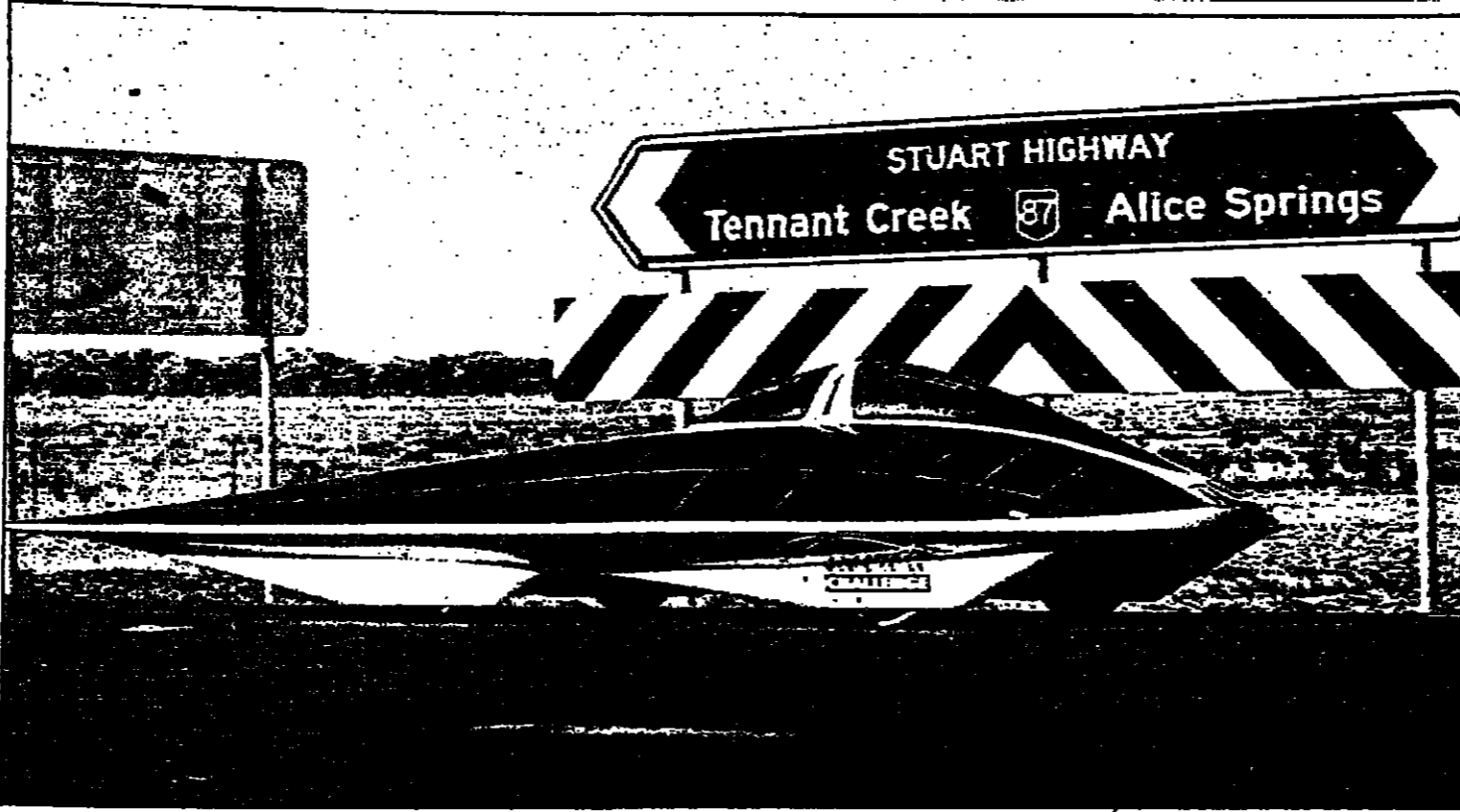
"There won't be peace for a long time in Afghanistan," said Zabet Zaher, 44, with a shrug as he helped work on the mosque.

The Taleban held the village for a few days before being driven out by the troops of ousted government security chief Ahmed Shah Masood, their fundamentalist brand of Islam unwelcome.

Women in long blue veils moved like agitated ghosts through the streets with wide-eyed children clutching their shirt tails.

Stalls on the main street sold pulses, soaps, rice, spices and pottery. On one, a live, plump partridge hung for sale in a wicker cage.

"The war makes everything more expensive," complained one stallholder, Malang, 45. "And with all the soldiers here, there's a shortage of flour for bread."



Japan's Honda 'Dream' solar car makes its way along the Stuart Highway on the second day of the World Solar Challenge yesterday. The 'Dream' leads a field of 47 solar-powered cars and 15 solar-powered bicycles after traveling 716 kms on day 2 of the race, an average speed of 86.1 kph. The leaders reached Alice Springs in the heart of Australia yesterday, completing almost half of the 3,000 km distance from Darwin to Adelaide.

Pakistan police fires tear gas at religious protesters for second day

ISLAMABAD (AP) — Police and soldiers clutching their riot shields fought off at least 2,000 religious students waving the Koran and shouting "God is great" as they tried to storm the Parliament building yesterday.

Police fired several hundred rounds of tear gas into the mob that had reached the white marble legislature building in the heart of Islamabad.

Wearing white bandanas with the inscription "God is Great," the protesters knelt in prayer just a few meters from the Parliament building.

When they finished police let loose a barrage of tear gas shells that were fired from five different directions.

The protesters retaliated with a storm of bricks and rocks, but they were beaten back by police and soldiers beating them with sticks and clubs.

The two days of protest was organized by the right-wing religious party, Jamaat-e-Islami or Party of Islam. A third day of demonstrations, slated for tomorrow, was called off.

"We prayed in front of the Parliament and that is what we wanted to do," said Musafar Shamsi, a spokesman for the organization.

The group leader, Qasi Hussein Ahmed, was among several people who were arrested during the course of the protest organized to press Jamaat-e-Islami's demand for Prime Minister Benazir Bhutto's resignation.

The group accuses Bhutto's government of rampant corruption and mismanagement. Ahmed earlier promised to overthrow Bhutto and her left-leaning Pakistan People's Party with an Islamic revolution that turned out to be two days of protests.

Bhutto responded with stringent security controls in the federal capital.

Thousands of police and soldiers were deployed in Islamabad and neighboring Rawalpindi, the scene of Sunday's ferocious protests. On Sunday, several people were wounded, including policemen. Only a few minor injuries were received yesterday.

Rolls of barbed wire blocked several of the main roads in the capital.

Security personnel at foreign embassies — all of which are located in Islamabad — warned their nationals to stay indoors.

Thousands of police and soldiers in riot gear patrolled the streets. Some were in jeeps mounted with machine guns, others were in armored personnel carriers. On the grassy hillocks opposite the grand white marble Parliament building several heavy machine guns were in place.

The main highway linking the eastern Punjab capital of Lahore and Islamabad had been sealed, as well as the highway east to Peshawar in northwestern Pakistan.

"No government can allow an invasion of the capital," Interior Minister Nasrullah Babar told reporters in Islamabad on Sunday following a day of protests. "It's their democratic right to protest, but demonstrations are not allowed in Islamabad."

Gatherings of more than four people are prohibited in Islamabad and have been for several years.

Previously Bhutto said she will not resign and accused the Jamaat-e-Islami of trying to stage a violent showdown with the government.

Russia presents archives to US Holocaust museum

GARETH JONES MOSCOW

IN a bold display of post-Cold War glasnost, Russia yesterday handed a raft of documents from the former KGB archives on Nazi atrocities against the Jews to the Washington-based Holocaust Memorial Museum.

Alexander Yakovlev, who heads Russia's Commission for the Rehabilitation of Victims of Political Repression, presented the 15,000 pages of archives to museum officials in a Kremlin ceremony also attended by US Ambassador Thomas Pickering.

"These documents can no longer be kept in archives — they must be made known to all," said Yakovlev, a former adviser to Soviet president Mikhail Gorbachev.

The documents include wartime field reports of atrocities committed by the Nazis after Adolf Hitler launched his invasion of the Soviet Union in June 1941, and also materials on trials of German Nazis and Soviet collaborators from 1946 to 1949.

"This transfer of archive materials is unprecedented in terms of scope and breadth," Pickering told a news conference.

Officials said the transfer of the materials, whose full historical importance has still to be assessed, followed several years of discussions with the KGB's post-communist successor, the Federal Security Service (FSB).

Walter Reich, director of the Holocaust Memorial Museum, said the documents are especially valuable because the Nazis' mass killings of Jews had begun on Soviet soil.

information about Soviet citizens who collaborated with the Nazi occupiers. Some became particularly sadistic camp guards who were later captured and brought to trial, museum official Carl Modig told reporters.

Vladimir Naumov, a distinguished Russian archivist, said the documents showed that responsibility for the atrocities was not limited to the murder squads, but pervaded the whole German army from the lowest to the most senior ranks.

He said the materials would help historians get a clearer idea of how many Jews perished at Nazi hands, adding that he believed the figure exceeded the generally cited six to seven million computed after the war.

Naumov also recalled how honest, objective investigations into the Nazis' genocide suffered because of hardening anti-Semitism in Josef Stalin's postwar Soviet Union.

Wartime efforts by leading Soviet intellectuals to compile a "black book" of anti-Semitic crimes had to be abandoned, though some of their material was later published in the United States.

"Any mention of Jews [at that time] was seen as heinous anti-Soviet propaganda," Naumov said. Reich hailed Naumov's words as marking a watershed in Russian attitudes towards the Holocaust.

"What Dr. Naumov has said reflects a kind of fresh thinking and a new look at the historical facts that is especially needed in this country, which for so long looked at history through an ideological lens," Reich said.

WORLD BRIEFS

500,000 evacuated as cyclone nears Bangladesh
DHAKA, Bangladesh (AP) — The government moved half a million people to high ground yesterday, after a cyclone headed toward the Bangladesh coast, an official said. Authorities also asked boats to return to safety and ordered port officials in Chittagong, Mongla, and Cox's Bazar to hoist danger signals.

The storm was 480 kilometers southwest of the port of Mongla at noon and was heading in a northeastern direction, the weather office said in Dhaka, the capital.

About 11 million people live in towns and villages and on small islands along the coast, he said.

The weather office said tidal surges up to six meters could wash out many villages.

Airline dumps 'royal' label from in-flight meals
LONDON (AP) — Airline food fit for a king? Regardless of the quality, the vacation carrier Britannia said yesterday it will drop the "royal" label from its on-board catering because some passengers are put off.

Britannia launched its "royal" in-flight services four years ago, and ever since then the British royal family has been embroiled in controversy and divorce — played out in a feisty tabloid press that relishes in every detail.

"We have done some market research and have found that the name 'royal' no longer has the kudos and the positive associations it had when we introduced it on flights in 1992," Britannia spokesman Richard Hedges told Press Association, a domestic British news agency.

Plans for new Dresden synagogue revealed

DRESDEN (AP) — The tiny Jewish community in Dresden plans to build a new synagogue, with the help of German and foreign sponsors, near the site of the famous old structure razed by Nazi thugs.

Roman Koenig, head of the 130-member Jewish community in this eastern German city, said yesterday that construction of the synagogue could begin in 1998.

The synagogue will be able to accommodate 300 worshippers and will cost an estimated \$13 million.

Koenig said the community expects to grow significantly in the next few years with the immigration of Jews from the former Soviet Union.

The old Dresden synagogue was designed by Gottfried Semper and completed in 1840.

It featured prominently in Dresden's skyline until Nazi thugs set it on fire during the Crystal Night pogrom in November 1938. Several weeks later, the Nazis ordered it razed, sending the bill to the Jewish community.

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Prescription for economic disaster

BANK of Israel Governor Jacob Frenkel's decision to lower interest rates by only 0.3 percent has raised a predictable outcry from all quarters. The Histadrut and the Manufacturers Association, in a rare moment of agreement, have joined to denounce the cut as insufficient, and in an equally rare moment of unity, MKs from all parts of the political spectrum have done the same.

ify a constituency, win an election, or offer candy to fractious MKs to ensure their support on other issues. Unlike the industrialists, it is not concerned with next quarter's balance sheets and how it will explain lackluster results to the board. Unlike the Histadrut, it can look beyond next month's overdrafts.

Virtually the only sane response has come from Finance Minister Dan Meridor, who, though he has made no secret of the fact that he would have liked a deeper cut, is sticking to his off-repeated position that it is not his place to tell Frenkel how to handle monetary policy.

Equally important, however, is that divisions of power and checks and balances help to prevent mistakes from getting out of control. As Meridor noted, this is classic democratic theory: There is no doubt, for instance, that Labor's irresponsible fiscal policies over the past four years would have caused even greater damage had they not been partially offset by the Bank of Israel's tight monetary policy.

In point of fact, Frenkel's high interest rate policy has so far had considerable success. Inflation, which had been running at a destructive rate of about 1.1% a month between August 1995 and June 1996 - the equivalent of an annual rate of about 14% - was only 0.3%-0.4% a month during the third quarter of the year. This is equivalent to an annual rate of about 5% - still slightly high by Western standards, but far better than anything Israel has achieved in the past 25 years.

In light of all this, the repeated bipartisan initiatives in the Knesset to reduce the central bank's independence - which have mustered the support of even some of the most normally level-headed MKs - are both puzzling and worrying. A little over a year ago, then Finance Committee chairman Gedalya Gal (Labor) and then head of the opposition in the committee Dan Tichon (Likud) co-sponsored a bill to require the central bank's credit policy be approved by an advisory board consisting of two central bank representatives, three academics appointed by the cabinet, a representative of the industrialists, and a representative of the banks.

Furthermore, this reduced inflation rate has been achieved without inducing a recession. Growth is expected to be between 3.5% and 4% this year - lower than the 6%-7% a year Israel has enjoyed for the past few years, but still a rate which most industrialized nations would envy.

This bill was buried by the early elections and the consequent premature closure of the Knesset in March, but like the hydra, cutting off its head was not enough to kill it. This past July, a similar bill was submitted by Shohat, Meir Sheerit (Likud), and Avraham Poraz (Meretz). This bill would require monetary policy to be approved by a five-member committee, consisting of two central bank representatives, one Treasury representative, one "outstanding economic figure" chosen by the cabinet, and one academic chosen by the Council of Higher Education.

The success or failure of Frenkel's policy in the short term, however, is almost beside the point. The real point is that the long-term health of the economy depends on monetary policy remaining strictly in the central bank's hands.

With this view in mind, the Franco-German model for conflict resolution, based upon the guiding principles that laid the foundations of European security and cooperation, requires a closer look.



How the French did it

WHILE Jacques Chirac's visit to Jerusalem might have caused some resentment, Israel has much to learn from France about conflict resolution.

LILY POLLIACK
freedoms, and fulfillment in good faith of obligations under international law.

did not materialize; neither did the fear that Western Europe would have to close its border to Eastern Europeans in fortress-like fashion to prevent them from migrating westwards en masse in search of work and liberty.

After all, France and its eastern neighbor Germany went to war three times over issues of national self-determination, issues that are not very different from those currently being thrashed out between Israel and the Palestinians.

The Franco-German model for conflict resolution, based upon the guiding principles that laid the foundations of European security and cooperation, requires a closer look.

The borders of Europe are open. People and goods and capital circulate freely, cooperation and joint economic ventures are up, military budgets are down, promoting a general atmosphere of promise and prosperity.

These principles comprise equal rights, self-determination of peoples, respect for the rights inherent in sovereignty, and territorial integrity of states.

MY RECENT visits to France and Germany, as well as to Poland, increased my confidence in a peaceful future for Europe.

I have every confidence that just as the French and Germans ultimately transcended their old controversies and came to live together side by side reconciled in a lasting peace, so shall we find peace here at home with our Arab neighbors.

The writer is a lecturer in international relations at the Hebrew University's Rothberg School.

Chirac doesn't have a clue

I was French President Charles de Gaulle who, in a single, sweeping, ill-considered diplomatic move, managed to do away with any chance France ever had of playing a significant role in the Middle East peace process.

SUSAN HATTIS ROLEF
required of them, they were there. Mediation isn't a job for an inflated ego that places honor over sense.

Israel remaining in control of this Arab city of over 110,000 Moslem inhabitants.

Mr. Rabinovich does not see rock throwing with the intent to injure and kill as an unwillingness to acknowledge human grace in a political opponent. Further, he equates rock throwing with the medical assistance provided by the soldiers and his own work as a correspondent.

France needs to study the ABC of mediation before pushing itself into the peace process

There is no reason why, in a situation of peace, Jews - even thousands of them - shouldn't be able to live in Hebron, just as there is no reason why Palestinians shouldn't be able to live in Safed.

LETTERS TO THE EDITOR

EXPLOSIVE QUESTION

Sir, - The issue is not "redeployment" in Hebron, nor access to an archeological site in Jerusalem, nor where the PLO may host foreign dignitaries. The issue is whether Israel can prevent a Palestinian state in the West Bank.

APPALLING CONCLUSION

Sir, - In reporting on the incident in which he was stoned by an Arab youth, your correspondent Abraham Rabinovich (October 11) draws a conclusion which is appalling in its implications. He writes "I had [no] grievance against those who put [me] in the hospital" and "the youth with the big rock was doing his thing the way I was doing mine and the soldiers who helped me were doing theirs. I do not assign wickedness to political opponents even if they try to kill me. I do assign it to fanatics... who are unwilling to acknowledge the same measure of human grace in the other as they do in themselves."

Hebron is especially important because it is also the economic and social center for a vast surrounding region of smaller Arab towns in which some of the most dangerous and violent gangs operate. Withdrawing the IDF from Hebron, therefore, threatens the safety of every Jew living in and near the surrounding area, as well as those traveling through.

Mr. Rabinovich may have made an unwilling contribution to Israel's notorious dearth of appropriate political culture. In today's charged atmosphere, this is the last thing that we need.

WORST SOLUTION

Sir, - Yosef Goell (October 18) seems to think that closing Bar-Ilan Street in exchange for public transportation elsewhere is a good solution. I find it morally wrong and worse.

ECONOMISTS

Sir, - Is not the governor of the Bank of Israel's U-turn over the Brodet Report a classic illustration of the best definition of an economist? "An economist is someone who will tell you tomorrow why what he said yesterday does not apply today."

THE MENTION of Hebron should remind us that it isn't just the French who seem to have difficulty coordinating their actions with their goals.

What was required of them was to provide the setting, make the introductions, then melt away when the sides seemed to be doing okay on their own.

When anything more was

Pinhasi's plight

MARK L. LEVINSON

WHILE some thinkers are discussing the idea of limiting parliamentary immunity in Israel, the High Court here seems inclined to leave them nothing to discuss.

In its recent decision allowing the Knesset to vote yet again (this will be the third time) on lifting the immunity of MK Raphael Pinhasi, the court swung a heavy gavel indeed.

According to The Jerusalem Post of October 25, the court decided that "Pinhasi's interest in not having the charges against him resurrected was outweighed by the public interest in seeing that MKs are not allowed to evade criminal charges."

Such an opinion seems to oppose the whole idea of parliamentary immunity, along with tossing aside the traditional protection from double jeopardy.

The best solution is not to elect shady MKs in the first place

SOME SAY that since no MK has in fact suffered from phony charges the country has obviously attained a political maturity that makes parliamentary immunity unnecessary.

There's no reason to suppose that without their immunity MKs would not be harassed. Sadly to the contrary, the politically selective use of state power is far from unknown in Israel.

The state controller herself uncovered several deliberate irregularities in the most recent Knesset campaign only to dismiss them as too unimportant to warrant even a reduction in the parties' refunded expenses.

From Avraham Ofer to Yitzhak Mordechai public figures have been enthusiastically tarred by colleagues in high places.

THE WRITER is a Herzliya-based freelancer.

POSTSCRIPT

A SAUDI farmer with four wives isn't about to stop marrying despite his age of 110. He's getting married again.

Mohammed al-Bayah, who lives in the farming town of Asir and has 72 children and grandchildren, is allowed a maximum of four wives, according to Islamic law. He will presumably have to divorce one of his four wives before taking another.

Handwritten text at the bottom of the page: ماذا من الاصل

Jerusalem film buffs take heart from Lev opening

JERUSALEM'S historic Smadar cinema, located on Lloyd George Street just off increasingly hip Emek Refaim, will officially be reopened this Thursday by Mayor Ehud Olmert and Lia van Leer, founder and manager of the Jerusalem Cinematheque. Some might be surprised by the cinema will be open seven days a week and that he depends on haredi allies at city hall. It will be known as the Lev Smadar, having been purchased by Shani Films, which already has four "Lev" outlets in Tel Aviv.

Its reopening will be widely welcomed by Jerusalem cinema enthusiasts, as "neighborhood" cinemas - of which there were several only a decade ago - are now scarce in the capital.

Instead of going to the cinema via shopping at the mall, cinema-goers will

be able to create their own evening, combining a film with a visit to the array of cafes, restaurants, ice-cream parlors and waffle houses that now permeate Emek Refaim. Lev Smadar has already been attracting good audiences in its pre-opening period over the last three months. A new cafe, also called Lev Smadar, will open in the theater forecourt on Thursday.

Shani intends to show artistic but popular films, rather than big-budget blockbusters.

"I'm very happy they're reopening," says Van Leer, who is also a founder of the Israel Film Archives and the Jerusalem Film Festival. "I'm concerned that people should come and see films on the big screen, in the presence of an audience. Watching videos in the comfort of your home might be nice sometimes, but it's not the art of film. The

more cinemas the better."

Built in 1928, it is now the oldest surviving cinema in Jerusalem. Originally known as the Orient cinema, it was popular with British troops. It has been called Smadar since the 1950s.

Neither Van Leer nor Shani Films believe Smadar will pose any kind of threat to the Cinematheque. "We will complement, not compete with the Cinematheque. Our aim is to increase rather than share the overall cinema audience," said a spokesman for Shani Films.

"We are proud to have a new cultural establishment that can present cinema in the right form, as art and entertainment together," says Yaron Kafri, director of Shani Films in Tel Aviv. "This kind of cinema exists in all major cities around

the world. The Lev cinemas are the equivalent." Kafri says he is confident the Lev Smadar in Jerusalem will be as successful as its outlets in Tel Aviv are.

Nevertheless, some will no doubt question whether a new 250-seat cinema, located in one of the most expensive corners of the capital, showing films that have a limited audience, and (unlike the Cinematheque) not in a position to receive any kind of state or municipal subsidy, can be profitable. The previous owner closed down Smadar only a year ago following persistent loss-making.

"The difference between us and them," says a spokesman for Shani Films, "is that we have our own distribution network, that allows us to show new films before they have aired elsewhere. Before it shut down last year the cinema showed

old films or new films that had already been shown elsewhere around the country."

So Mike Leigh's highly acclaimed new film, *Secret and Lies*, winner of this year's Palmes d'Or award at the Cannes Film Festival, which will be the opening presentation on Thursday, will not be shown in other commercial cinemas until January.

On top of this Smadar has undergone an extensive refurbishment. New armchairs and a high-quality sound system have been installed, as well as air conditioning in summer and heating in winter. The theater has also been repainted.

"It was very nice to come to a nostalgic cinema, but not when you had to sit on cold wooden seats," said one young fan.

Each week Smadar will show five films in different time slots. The other

PJ Harvey makes a lousy point

IN TUNE
DAVID BRINN

Dance Hall at Lonshe Point
JOHN PARISH
and POLLY JEAN HARVEY
(Helicon)

Eventually
PAUL WESTERBERG
(Hed Arza)

THIS collaboration between PJ Harvey and her bandmate John Parish leaves me cold and confused.

Harvey is one of the most acclaimed artists of the '90s, having released three raw, emotional albums full of brutally honest songs about love and hate. At her best she combines the structure of blues with the aggression of punk to make riveting, uncompromising music.

This new work finds her providing the lyrics and vocals to band member's John Parish's songs and instrumentation.

If you're a fan of Harvey's, this may well be a satisfying disc, but I found that despite its obvious passion, it's too over the top. Dissonance, soft moments juxtaposed with industrial clanging and a stark, dark mood all contribute to a jarring, difficult listening experience.

Harvey's vocals sometimes rise to the pitch only observant dogs will pick up.

Over time, fragments of melodies and lyrics begin to seep through the consciousness, especially the plaintive "That Was My Veil."

Also on the plus side, a cover of the old Peggy Lee hit "Is That All There Is" is given a warped and eerie treatment.

But overall, this disc requires a lot of concentration, and frankly, you shouldn't have to work so hard to enjoy music.



PJ Harvey's lyrics and John Parish's music do not make for easy listening.

should have been over 20 years ago.

One of the few alumni from Woodstock who appeared at the 1994 debacle, Cocker has been smart enough to surround himself by talented studio whizzes and producers who have located appropriate material for his ravaged voice and insulated him in adult contemporary musical surroundings.

Organic finds him in the Midas hands of Don Was, who has taken many stars on the downswing, (Bonnie Raitt, The Rolling Stones) and boosted them back to the major leagues.

Was has come up with a unique approach - herd a bunch of famous session musicians into a studio for five days and recreate some of Cocker's best-known cover songs.

This could be a first - an artist

covering himself doing cover versions of others' songs.

Despite the dubious concept, the result is largely enjoyable, with understated treatments of Van Morrison's "Into the Mystic," Leon Russell's "Delta Lady" and John Sebastian's "Darlin' Be Home Soon."

When in doubt, the band turns to a reggae backing, like on "Don't Let Me Be Misunderstood." Other oldies redone include "You Can Leave Your Hat On" and "You Are So Beautiful."

If you're looking for a good overview of Cocker's post-Grease Band work, this will do fine.

PAVAROTTI & friends
for War Child
(Helicon)

A star-studded concert recorded earlier this year in Italy for the

organization War Child which benefits young victims of the war in Bosnia.

Spearheaded by opera legend Luciano Pavarotti, the event paired him with a diverse cross-section of pop royalty including Eric Clapton, Elton John, Liza Minnelli and Joan Osborne.

If one thing is made clear from the four-song sampler and video promo Helicon sent out, it's that opera and pop don't mix.

The songs featuring just the popsters, like the slow and sexy duet between on and offstage partners Eric Clapton and Sheryl Crow, "Rum, Baby Rum," work fine, but Clapton's "Holy Mother" is overtaken by Pavarotti's amazing tenor.

Buy this for the charity aspect, not for the musical one. It's like putting mayonnaise on your peanut-butter sandwich.

Americans pass the Bacon

PENNY STARR

THERE'S a great new game for movie buffs. CNN Entertainment described it as "a cultural phenomenon taking the nation by storm." It's a kind of Celebrity Connect the Dots and it's sweeping across America like a fire in Malibu. At the Film School of the University of Southern California they're totally hooked.

The game's called Six Degrees of Kevin Bacon and anyone can play. The idea is to connect Kevin Bacon to another actor in six moves or less. For example, Cher to Kevin Bacon is just two moves: She was in *The Witches of Eastwick* with Jack Nicholson, Jack Nicholson was in *A Few Good Men* with Kevin Bacon.

The three inventors of the game, Craig Fass, Mike Gianelli and Brian Turtle, came up with the idea

nearly three years ago when they were snowed in in Pennsylvania. All they could do to pass the time was watch videos, one of which was *Six Degrees of Separation* (with Will Smith and Anthony Michael-Hall, and not a whiff of Bacon). The guys tried connecting other actors, but because of Bacon's history of working with ensemble casts nobody else matched so well. Bacon has a string of 31 films to his credit, including *Animal House*, *Footloose*, *Tremors*, *Sleepers*, *JFK* and *Diner*.

Fass, Gianelli and Turtle's game reached a wider audience when they were interviewed on MTV. From there they've gone on to write a book and build their own website. In fact there are several websites for players of Six Degrees of Kevin Bacon, with lists of stars and movies, discussions about roles, and online challenges - the more



Kevin Bacon in 'Tremors' - one of his 31 movies

obscure the better. Mickey Mouse, for example, is an easy one, only three moves.

Supermodel in love

PENNY STARR

RICHARD Gere's ex, supermodel Cindy Crawford, has been spotted out and about with bad-boy actor Val Kilmer.

A couple of months ago the pair was seen in Manhattan holding hands, and recently Crawford went to Russia to visit Kilmer on the set of his movie *The Saint*. Their little spat, when Crawford dumped Kilmer because of his jealousy, is a thing of the past, and the pair have apparently kissed and made up. Now things seem to be getting serious. Some of the London tabloids have even gone so far as to say there will be a wedding in April.

Kilmer, meanwhile, has finished filming *The Saint*, and is now working on a movie called *The Ghost and Darkness*. But he took



Cindy Crawford traveled to Russia to be with Val Kilmer.

time off this week to go to London, where he was visiting his two children, five-year-old Mercedes and one-year-old Jack, by his ex-wife actress Joanne Whalley.

A finely crafted barrel of laughs

THEATER REVIEW
NAOMI DOUDAI

"Peanut" by Tim Hibberd. Director Ben Meehan. Design Abi Brown. The Refects Theatre Company. At the Jerusalem Khan and other venues.

PEASOUPER, according to the program definition, is "fast, funny, foggy and difficult to eat with a beard." In performance it is all that and more. An explosion of belly-aching fun, played by three highly gifted and versatile comedians, it takes off from a tight and well-turned text in a flow of uninterrupted physical felicities and perfect timing.

A loony, daffy lampoon of Victorian music-hall melodrama, it conjures up that almost forgotten genre complete with humping villain (David Alison), irredeemable heroine (Ann Farrar), and of course the all-conquering, sanctimonious hero (Tim Hibberd).

Apart from the laughs and eye-catching capers of the talented duo, the show is striking for the old-time style and panache that

direction has dredged up in all its authentic detail. Period gimmicks, locations, and circumlocutions - "I feel it is incumbent upon me," "a noble gesture, sir," "it now behoves me to," "may I be so bold as to," - pepper the script with hilarious effect.

Hilarious too, are sequences like the reincarnation of a ride in a belching, bouncing old-time "puff-puff" front-parlor charades, traveling Brits in an Egyptian bazaar, or duck-shooting in the Midwest, to mention but a few. Not to be forgotten are the group's animalizations. If it is pleaded that the play is "a heart-wrenching tale of greed, jealousy and man's inhumanity to camels," their side-splitting camel impressions illustrate that plea with zany irony.

In view of the mood of bereavement and tension that descended on us the night of this performance, the lively and chattering appearance of these irresistible Liverpudlians was altogether therapeutic.

Camelata's contrasting requiems

CONCERT REVIEW

IN its season's opening, the Israel Camerata, conducted by Avner Biran, presented two requiems: a long-forgotten piece by Zelenka, performed locally for the first time, and one by Mozart.

This juxtaposition served to highlight the dramatic-operatic qualities of Mozart's work - its melodic lines, and its vocal and instrumental effects.

The performance of Zelenka's work was a revelation. Firmly rooted in late Baroque style, it nevertheless steered clear of cliché, striking a singularly individual note. Its lack of pathos and superficial effects was particularly striking, creating a mood that was moving in its sincerity, devoutness and calm.

Astonishing paradoxes were achieved by assigning the *Tuba mirum* to the soprano instead of the more customary bass, while the *Lux aeterna*, contrary to expectations was rendered by the bass.

Among the soloists, bass Rudolph Piemy was outstanding in terms of voice and stage presence. Mark Wilde, unfortunately without even a single solo part, still had ample opportunity in the ensembles to display his radiant, expressive and lyrical tenor.

It seemed unfair to place the clear, pure but rather thin voices of

soprano Bronwen Wilde and mezzo-soprano Vanessa Williamson with such superior forces.

The Latvian Ave Sol Choir was a real delight. Its members sounded as if picked for vocal beauty, and their transparency of textures, accuracy of intonation and sense of involvement achieved a remarkably high standard.

Tel Aviv Museum, October 26
Ury Eppstein

TOWER RECORDS' TOP 15

WEEK	LAST WEEKS ON CHARTS	ARTIST	TITLE
#1	1	RAMI KLEINSTEIN	COLLECTION
#2	2	SHLOMO ARTZI	SHNAIM
#3	3	RITA	COLLECTION
#4	4	FRIENDS OF NATASHA	LIVE
#5	5	VIA-ROZENBLUM	HOSHESH HACHARON
#6	10	GEORGE MICHAEL	OLDER
#7	7	VIA	PARTY TIME II
#8	22	VIA	GREATEST HITS
#9	6	VIA	HITMAN 7
#10	12	VIA	VERYBEST OF ISRAEL
#11	11	OST	TRAINSPOTTING
#12	RE 1	AVIV GEFEN	THE LETTER
#13	14	FUGEES	THE SCORE
#14	4	VIA	ALENBI 68
#15	15	VIA	DREAMLAND II

Tower Records' top-selling albums for last week

'Coppelia': The doll comes to life

MICHAEL AJZENSTADT

A SENSATIONAL production of the classic ballet *Coppelia* by Magi Maran and the Lyon Opera Ballet is to open the international dance series at the Tel Aviv Performing Arts Center on November 6.

Coppelia, with the music of Delibes, is a story of a toymaker whose doll comes to life. It is based on the mythological *Pygmalion* legend in general, and more specifically on a story by the renowned 19th-century romantic E.T.A. Hoffmann.

Known for her unique dance language and for the intriguing new works she creates for her company, choreographer Magi Maran also reinterprets the classics. She first did it with *Cinderella*, then came *The Seven Deadly Sins*, which is not that classic but still a story ballet, and now *Coppelia*. "I try to see if in the piece from the past there is something that can be analyzed with the eyes of today. In *Coppelia* it's that fascination of men with puppets which still exists today. In fact *Coppelia* is a story about Barbie dolls coming alive."

Maran needed four months to create *Coppelia* and she will see the show in Israel. But, she says, "I don't have any time to rehearse it with them, maybe just to give very minor corrections at the last moment." And she is not 100 percent happy with the piece. "I'm not happy with the type of work," she comments, "because it's not a real process of creation. Finally, I'm happy with what we did but it's very strange to take something that already exists with a company that is not yours. It's fabricated, it's like

breathing life into a dead thing."

Coppelia is quite different from the quintessential Maran opus. "With my company I always start with a white page. The idea to do *Coppelia* came from the Lyon Opera which is fine but it is not really mine. And so by now I have shown myself and the world that I can do the classics too, but I'm not going to do any more of them. It doesn't interest me any longer."

Maran admits that in recent years she has somewhat changed as a choreographer. "I'm less afraid these days, and I pay much more attention to the process than to the end result." Yet she finds it difficult to explain her own style. "It's obviously contemporary dance, it's not classical ballet... it's simply moving the body in different ways. It's contemporary in the sense that we try to find a way of moving that we are not used to."

Talking about the overall state of dance today, Maran asserts that the situation is quite difficult "because in our society, art in general and dance in particular are not that important. Politics are much more in the headlines, and politicians are not interested in art."

"France helps its artists more than other countries but still there is not enough funds. People seem to put more money into the type of art which you can put in museums, but the place of art is outside; social life and not museums which glorify the past," which in a nutshell is what the story of *Coppelia* and Maran's production of it are all about - the relationship between the artist, the art he creates and the society he creates in.

A German fairy tale short on evil

OPERA REVIEW
URY EPPSTEIN

WEBER'S *Freischütz* was provided a welcome, early Romantic change of pace at the New Israeli Opera. It contained all the ingredients of a German fairy tale: fantasy, naivete, the dark forces of evil and rural bigotry.

The female heroines, played by Elizabeth Whitehouse and Anja Kampe, stole the show from the male leads.

Albert Bonnema's strained, pale tenor voice did not do justice to the ardent though confused lover, Max. And Monte Jaffe's bass-baritone lacked the blackness required for the evil Kaspar; instead, he came off as comic. Baritone Johannes Martin Krauszlein, in the minor role of Otokar, displayed more personality and vocal substance than

either of them.

The Israel Symphony Orchestra Rishon Lezion, conducted by Gary Bertini, was well-rehearsed but too well-behaved when it was supposed to evoke the horrors of the Wolf's Glen.

Thomas Langhoff's mostly pedestrian direction was successful in entertaining crowd scenes, which injected some liveliness and humor.

The sets by Volker Pfuller were conventional, but for the Wolf's Glen which was ridiculous rather than terrifying. So was the dialogue of Kaspar and Samiel (Gad Kaynar) whose electronic amplification did nothing to add credibility to his supposedly satanic performance.

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BUSINESS & FINANCE

Tuesday, October 29, 1996

David Klein: Slowdown is timely

DAVID HARRIS

THE current slowdown in economic growth is good for the country, the number-two official at the Bank of Israel, Dr. David Klein, told the *Jerusalem Post* yesterday.

Government predictions suggest the economy will grow by some 3.8 percent this year, and by 4% in 1997. That's after expanding a cumulative 40% over the first half of the decade.

"Israel cannot cope with annual growth rates of 6% to 7%," said Klein. "It is too much for the economy. This has led to a large deficit and high inflation."

An annual rate of 4% growth is "more appropriate," said Klein, who heads the central bank's monetary department.

Klein denied there is a major slowdown in the economy. "Certainly there is no recession. I would by no means use such a term," he said.

Klein also warned of the need to keep an eye on private consumption, which continues to grow. The government's proposed NIS4.9 billion budget-cut for 1997 is aimed mainly at curbing public expenditure.

The Knesset begins deliberations today on the government's NIS190.8b. budget for next year. Last night, Prime Minister Benjamin Netanyahu met coalition MKs in an attempt to persuade them to support the complete budget package. Throughout the day, Finance Minister Dan Meridor met individual MKs to push the proposals and to assure legislators the poor will not be affected by the cuts.

In a meeting with United Torah Judaism MKs, Meridor said every effort should be made to return the economy to a stronger path. Meridor told the MKs he will form an inter-ministerial committee (with the Education and Religious Affairs ministries) to examine ways of reducing economic gaps, if they exist, between the religious and secular communities.

Central bank cuts interest rates by 0.3%

DAVID HARRIS and GALIT LIPKIS BECK

THE Bank of Israel said yesterday it will cut its key lending rate for November by a lower-than-expected 30 basis points, to 15.2 percent. It is the fourth consecutive monthly interest-rate cut by the central bank, whose rates have dropped since August by a total 1.8%.

All five main commercial banks said they will lower their prime lending rates by 0.3% on Thursday to an annual 16.7% from the current 17%. The banks did not change the rate they charge on other borrowing components.

In currency trading yesterday, the shekel gained 0.8% against the dollar, and 0.75% against the central bank's basket of leading foreign currencies, after investors' previous assessments that the cut would be deeper proved to be unfounded.

Higher interest rates make shekel deposits more attractive, and therefore increase short-term demand for the currency. As trading closed yesterday, the dollar settled at NIS3.25.

The central bank mentioned five factors that influenced its decision:

- The Consumer Price Index fell for the fourth straight month after 10 months of increases.
- The key M1 indicator of money supply has been steady for several months.
- Annual inflation expectations have decreased to 11% to 12%.
- Growth is down to 4% from the previous annual pace of 6% to 7%.
- The ongoing budget deficit.

The reduction was relatively small, despite continuing pressure on Governor Jacob Frenkel to make a big cut. Frenkel, for his part, has made it clear he would only implement a large reduction once the government's proposed NIS4.9 billion budget cuts have Knesset approval.

Bank sources went still further yesterday, saying that even if fully endorsed, the budget cuts would have to be actually implemented before there could be a large rate-reduction.

Finance Minister Dan Meridor declined to comment on the bank's decision, saying he was concentrating on today's introduction of the 1997 budget to the Knesset. Meridor added that, in general terms, interest rates are too

high.

Meanwhile, the Central Bureau of Statistics said yesterday that - judging by a number of newly released indicators - the slowdown it detected in the first half of the year may have exhausted itself by September.

Histadrut Chairman Amir Peretz welcomed the continuing policy of lowering interest rates, calling it "a necessary realization of the economic reality."

Businessmen were not so pleased. The Manufacturers Association, one of the most vocal critics of the central bank's monetary policy over the last three years, accused Frenkel of ignoring the general state of the economy and causing ongoing damage.

The organization called for an additional NIS1b. of budget cuts, a freeze on public-sector recruitment, a 2% reduction in interest rates, an immediate 5% change in the shekel's exchange rate and a discussion of additional measures to stimulate growth.

The rate-cut was too small, several businessmen said. "There is no bigger joke," said Koor Chief Executive Benjamin D. Gaon.



Managing director of Israel Railways Amos Uzani (right) greeted the first passengers on the reopened line between Ashdod and Tel Aviv, via Rehovot, yesterday. For the time being, two trains leave Ashdod daily at 6:15 a.m. and 6:55 a.m., with return journeys at 5:12 p.m. and 6:26 p.m.

Ben-Gurion 2000 project will not be finished until 2001 or 2002

DAVID HARRIS

PLANS to expand the country's main international airport, a project known as Ben-Gurion 2000, will not be completed until the year 2001 or 2002, said Transport Ministry director-general Nahoum Langental yesterday.

The Transport Ministry is now in negotiations with the Interior Ministry to speed the legal planning process. Langental said this is likely to be concluded by next summer.

"The new terminal will take four or five years to build," said Langental. "That clearly means the project won't be completed by 2000."

However, the scheme will be implemented in stages, so certain elements will be finished in time for the new millennium, he said.

The \$850 million program, approved by the government in

January 1994, includes the construction of a new terminal. It would allow for a capacity of 16 million passengers a year.

The scheme also includes the construction of new roads and a railway line with a 12 minute journey time to Tel Aviv.

Transport Minister Yitzhak Levy said last week he believes Israel will need a second international airport, in addition to the new terminal, to cope with the increase in air traffic.

Shell attacks US boycott of Iran, Libya

LONDON (Reuters) - In an apparent attack on US policy, a top Shell manager yesterday said governments should not impose unilateral trade bans on other nations.

Mark Moody-Stuart, group managing director of Royal Dutch/Shell, also said oil companies have no business getting involved in the politics of countries

in which they operate.

"Our industry, in many countries, is the dominant industry, but that doesn't give us the right to tell those countries what to do. Take that one step higher, I am not sure it is right for the major dominant country to tell others what to do."

Moody-Stuart was apparently referring to Washington's D'Armaso Act, which imposes sanctions on foreign companies investing \$40 million or more a year in Iran or Libya.

Washington's unilateral action against oil-rich Libya and Iran, as well as Cuba, has drawn the ire of the EU, which plans to vote on measures to counter the anti-Cuban trade laws.

"I am not sure it is helpful for countries to extend their boycotts into secondary countries," Moody-Stuart said.

Moody-Stuart also talked of growing pressures on large oil companies to speak out in nations where they operate massive oil and gas facilities. But "trying to exert political influence is counterproductive," he said. "Discrete representation might be more useful."

Small firms account for 60% of export growth

GALIT LIPKIS BECK

SMALL and medium-sized exporters accounted for more than 60 percent of the country's total export growth during the last five years, the Israel Export Institute said yesterday.

Companies with annual turnovers of up to NIS30 million contributed a total of \$3.5 billion to the country's exports, based on a survey of 486 export firms. In the 1991-1995 period, small exporters accounted for 12% of export growth. Medium-sized firms contributed 40%, new firms 17% and large firms 31%.

Unfortunately, the firms are getting a big piece of a pie that's not growing as fast as it was. In the first eight months of the year, there was a marked slowdown in exports. For the full year, the institute estimated export growth will fall to 4.4%, compared to average export growth of 11.7% a year for the last five years, said Amir Makov, a director of the IEL.

Makov said traditional industrial fields like food and textiles suffered the largest decline.

The IEL blamed the drop in earnings from exports on the stable shekel and the rise in the price of local raw materials. The IEL urged the government to cut interest rates and to adjust the exchange rate to prevent a further drop in exports.

Israel's export growth has lagged the world's rate of trade growth in the last two years, according to the World Economic Outlook. In 1994, export growth reached 16.3% compared to average world trade growth of 9.2%. In 1995, the country's rate of export growth fell to 6.9% compared to 8.8% for the rest of the world.

UK expects deal to return Albanian gold

LONDON (Reuters) - The British government said yesterday it was confident Albanian gold held at the Bank of England since being recovered from the Nazis during World War II would be returned to Albania soon.

A high-level delegation headed by the governor of the Albanian central bank, Kristaq Lunika, was due in London yesterday, and the \$18 million of gold will be on the agenda when the team begins talks at the Foreign Office here today.

The official said the talks would be on "technical issues" covering the eventual transfer of the gold to Albania from the Bank of England, where it has been held since 1947.

The disputed gold is controlled by a tripartite commission set up by three of the wartime Allies - Britain, France and the US.

Britain agreed in May 1992 to return the gold after resolving an unrelated diplomatic dispute involving the sinking of two British warships off the Albanian coast in 1946 with the loss of 44 lives.

Under the deal, Albania agreed to pay \$2 million to Britain.

BUSINESS BRIEFS

Sharon to open highway section at Ben-Shemen: The first two sections of the Ben-Shemen Interchange on the Cross-Israel Highway officially be opened to traffic this afternoon. The new portions of the road connect the Modi'in area with the Jerusalem-bound section of Highway 1. The opening ceremony is to be performed by National Infrastructure Minister Ariel Sharon.

Textile workers plan response to factory closures at meeting in Tel Aviv: Hundreds of textile workers and their representatives are expected to attend an emergency meeting in Tel Aviv tomorrow to discuss problems facing their sector.

The meeting, organized by the Histadrut, will discuss the workers' plans, particularly for factories in development towns currently facing closure.

A meeting has been organized next week between leading textile manufacturers and Trade and Industry Ministry acting director-general Yehoshua Gleitman.

On Sunday, Trade and Industry Minister Natan Shtrassky announced the establishment of a public committee to investigate the issue.

Insurers cuts premiums on markets with political risk: Israel Foreign Trade Risks Insurance announced a 15% to 25% cut in premiums on transactions in markets defined as having a long-term political risk. The company charges a premium of 3% to 8% on long-term transactions of five to 10 years.

New savings plan from Bank Leumi offers 4% rate over 10 years: Bank Leumi is offering a new index-linked 10-year savings plan. The *Coah Teshuva* Kofshit plan offers an annual interest rate of 4%. All deposits will be linked to the Consumer Price Index from the date when the deposit was made.

NIS15m. approved for bypass roads in territories: The Knesset Finance Committee approved a NIS15 million transfer yesterday to enable bypass roads in the territories to be completed by the end of the year. The money is from budgetary reserves.

German politicians give go-ahead for merger talks between state banks: Bankgesellschaft Berlin and Norddeutsche Landesbank, two state-owned German banks regarded as candidates for a possible merger, said yesterday they would intensify talks about cooperating more closely.

In a joint statement, the banks said the regional governments in northern and eastern Germany that own them had reviewed management proposals for closer cooperation and instructed the chief executives to enter further talks. It was unclear whether these proposals envisaged a full merger.

Bankgesellschaft said in June a takeover of NordLB would be a feasible way to strengthen existing cooperation, but NordLB quickly said such a step was highly unlikely.

A merger would create one of Germany's biggest banks with a combined balance sheet total of roughly 480 billion marks (NIS1.02 trillion).

Toy advertisers urge stronger EU action on limits: Toy makers yesterday demanded stronger European Commission proposals to prevent what they allege are trade barriers to toy advertisements in the guise of advertising regulations.

"These bans or restrictions, all of which are different or confined to individual member states, prevent the toy industry either from advertising its product at all in certain markets or from advertising them efficiently and at competitive cost," they said in a statement.

The toy makers were commenting on a Commission proposal for a single market in the advertising sector in the 15-nation bloc.

US judge clears way for Swiss company to boost stake in InterPharm

JENNIFER FRIEDLIN

A US District Court paved the way for Ares-Serono, Switzerland's fourth-largest drug company, to buy an additional 23.7 percent of InterPharm Laboratories for \$25 a share, or a total of \$15 million.

In 1994, Ares-Serono offered to buy 610,662 of the Nessziona-biotechnology company's shares for \$22 each, but stockholders demanded a higher price. When the company balked, the case went to arbitration. The settlement reflects a compromise agreed by the parties.

On completion of the acquisition, Ares-Serono will hold 99% of InterPharm's shares.

Company representatives say the purchase will allow Ares-Serono to invest more in developing its multiple-sclerosis drug, Rebif, the bulk ingredients of which are produced by InterPharm. Currently in clinical trials, Rebif is a genetically engineered beta interferon that is identical to human proteins.

The drug is genetically engineered, so researchers say Rebif's side-effects are less harsh than those caused by other beta interferons now sold to treat multiple sclerosis.

The case was decided in the US because InterPharm shares are traded on the Nasdaq Stock Market.

ENI shares surge after second sale

MILAN (Reuters) - Shares in Italy's state-controlled ENI surged on the Milan stock exchange yesterday when trading started after a second sale of shares in the oil and gas giant, which was seen by traders as an unqualified success.

ENI shares were up 1 percent at 7,230 lire after opening at 7,200. The all-share stock index was up a modest 0.23%.

Italy raised at least 7.7 trillion lire (NIS16 billion) from the sale of 1.1 billion ENI shares which closed Friday. ENI is also listed in New York and London.

Israel Electric תורת החשמל

TENDERS

The Israel Electric Corporation wishes to purchase the following goods/services:

1. Subject of Tender and Volume of Purchase:	Tender 546747 Truck chassis 6 x 4
Winner:	Mimsar Car Agencies Ltd., Tel Aviv
Date of Decision:	September 3, 1996
Value of Winning Bid:	\$1,283,673
Value of Lowest Bid:	\$1,283,673

2. Subject of Tender and Volume of Purchase:	Tender 553572 Contract for the Supply of Stiff Plastic Pipes
Winner:	Carmiplast Industries, Carmiel
Date of Decision:	August 29, 1996
Value of Winning Bid:	\$4,843,169
Value of Highest Bid:	\$5,842,316
Value of Lowest Bid:	\$4,843,169

3. Subject of Tender and Volume of Purchase:	Tender 551899 High Tension Cable 1 X 150 sq.m.
Winner:	Kvallim (45%)
Date of Decision:	August 29, 1996
Value of Winning Bid:	Kvallim - NIS 12,731,565
Value of Highest Bid:	Kvmei Zion - NIS 10,416,435
Value of Lowest Bid:	NIS 38,428,333

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ISRAEL MONEY MARKETS				
Peseta (foreign currency deposit rates) (11.9.96)				
Currency (deposit for)	3 MONTHS	6 MONTHS	12 MONTHS	
U.S. dollar (\$250,000)	4.750	5.000	5.275	
Pound sterling (£100,000)	5.185	4.000	4.250	
German mark (DM 200,000)	3.675	1.825	2.125	
Swiss franc (SF 200,000)	1.8175	1.825	2.125	
Yen (10 million yen)	0.825	0.750	1.000	

(Rates vary higher or lower than indicated according to deposit)

Shekel Foreign Exchange Rates* (28.10.96)				
CHECKS AND TRANSFERS		BANKNOTES		
Currency basket	Buy	Sell	Buy	Sell
U.S. dollar	3.9073	3.9593	3.76	3.6420
German mark	3.2240	3.2761	3.18	3.2550
Pound sterling	2.1182	2.1904	2.07	2.1370
French franc	5.1984	5.2933	5.11	5.2471
Japanese yen (100)	0.8284	0.8386	0.81	0.8328
Dutch guilder	2.8227	2.8993	2.79	2.8489
Swiss franc	1.8870	1.9175	1.85	1.9055
Swedish krona	2.5510	2.5922	1.85	1.9055
Norwegian krona	0.4888	0.4975	0.48	0.4941
Danish krone	0.3912	0.4075	0.48	0.51
Finnish mark	0.5518	0.5617	0.49	0.5081
Canadian dollar	0.7082	0.7098	0.54	0.57
Australian dollar	2.3982	2.4389	0.69	0.73
S. African rand	2.5555	2.5988	2.35	2.4222
Belgian franc (10)	1.0274	1.0707	0.68	0.71
Austrian schilling (10)	3.0081	3.0440	1.00	1.0879
Italian lira (1000)	2.1151	2.1483	2.05	2.1391
Jordanian dinar	4.4800	4.7900	2.07	2.18
Egyptian pound	0.8200	1.0000	0.48	0.52
Irish punt	4.0308	4.1283	0.62	0.68
Spanish peseta (100)	5.2428	5.3275	1.15	1.07
	2.5143	2.5649	2.47	2.5360

*These rates vary according to bank.

SOURCE: BANK LEUMI

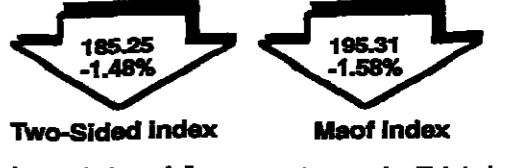
אלהא מן אלאל

BUSINESS & FINANCE

Stocks drop on disappointment over rate-cut

TEL AVIV STOCK MARKET

ROBERT DANIEL



STOCKS dropped about 1.5 percent on light volume after the central bank made a smaller-than-expected cut in its benchmark interest rate.

Early in trading, holding company Clal Israel was down 5.25% or just NIS32,000 of shares traded, said Eli Nahum, head of trading at Zannex Securities.

The London stock market reversed slight opening losses to head higher after a surprise bid for Northern Electric, later rejected by the utility.

Germany's DAX index ended bourse floor trade 29.61 ahead at 2,703.83 and showed little net change in later electronic trade.

NEW YORK (Reuters) - Blue-chip stocks changed course and ended lower yesterday as investors braced for an onslaught of economic numbers.

Based on early and unofficial data, the Dow Jones industrial average ended 34.29 points lower at 5,972.73, after being up more than 35 points early in the day.

Paris (Reuters) - The French government's budget deficit is expected to rise to 2.5% of GDP in 1997, according to a report by the Paris-based OECD.

Key Representative Rates table with columns for currency and rate.

NYSE STOCK MARKET table with columns for stock name and price.

New York market indexes table with columns for index name and value.

Other stock market indexes table with columns for index name and value.

Israeli stocks in US table with columns for stock name and price.

US Stocks table with columns for stock name and price.

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TEL AVIV STOCKS

Large table of Tel Aviv stock prices, categorized into Multi-sided trading and Two-sided trading.

ISRAEL DISCOUNT BANK advertisement with logo and slogan 'THE PEOPLE YOU CAN BANK ON'.

INTERNATIONAL STOCK PRICES

Table of international stock prices for various countries including New York, London, and Frankfurt.

Europe shares mixed

LONDON (Reuters) - Leading European bourses put on a mixed performance, though a surprise takeover bid helped the London stock market.

The Frankfurt bourse advanced by one percent, boosted by a stream of encouraging corporate news, but Paris slipped back after a more positive start.

Germany's DAX index ended bourse floor trade 29.61 ahead at 2,703.83 and showed little net change in later electronic trade.

NEW YORK (Reuters) - Blue-chip stocks changed course and ended lower yesterday as investors braced for an onslaught of economic numbers.

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INFLATION MARKETS table with columns for market name and value.

Dollar crossrates (US) table with columns for currency and rate.

Libor rates table with columns for rate and value.

Foreign financial data courtesy of CommStock Trading Ltd. table with columns for data type and value.

INFLATION MARKETS table with columns for market name and value.

US commodities table with columns for commodity name and price.

London commodities table with columns for commodity name and price.

Spot market metals (US) table with columns for metal name and price.

New York metal futures table with columns for metal name and price.

London metal fixes table with columns for metal name and price.

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Business Briefs

Vertical text on the left side of the page, likely a continuation of the 'Business Briefs' section.

Utd, Juventus seek European Cup final 8 spots

LONDON (Reuters) - The European Champions' League this week reaches the point of no return where mathematical certainties take the place of dreams and hopes.

Juventus, the reigning European champions, and Manchester United - despite conceding 11 goals in their last two matches - should clinch their places in the last eight by ensuring they finish in the top two positions in Group C with wins over Rapid Vienna and injury-hit Fenerbahce respectively.

Borussia Dortmund will also guarantee its place in the quarter-finals from Group B if it completes the double over Atletico Madrid at home, while Porto will virtually ensure top spot in Group D if it follows up its away win over Rosenborg with a home victory.

Rosenborg striker Jahn Ivar "Mini" Jakobsen will miss tomorrow's match after being sent off two weeks ago in Trondheim where Porto won 1-0.

Also doubtful is Rosenborg captain Bent Skammernesrud, who is reluctant to leave home

because his partner is just about to have a baby. AC Milan must recover from its surprise 2-1 defeat in Gothenburg two weeks ago with a victory over the Swedish champions to banish serious doubts about its chances of advancing from Group D with Porto.

Until this week Rangers and Widzew Lodz, who have both lost all their matches in groups A and B respectively, have been hoping for a dramatic change in fortune - and unlikely results elsewhere - to keep alive their hopes of progressing.

But their interest in the competition is almost certain to end after tomorrow's matches against Ajax and Steaua Bucharest respectively.

Group A features Ajax, Grasshopper and Auxerre on six points and Rangers on none, with Ajax leading on goal difference.

Ajax travels to face a Glasgow outfit missing three suspended players - Paul Gascoigne, skipper Richard Gough and Australian Craig Moore as well as injured first-choice goalkeeper Andy

Goran - and should add three more points to the ones it picked up by beating Rangers 4-1 in Amsterdam two weeks ago.

Auxerre will be without young striker Thomas Deniaud for its vital match against Grasshopper in Switzerland.

Deniaud, who scored twice against Glasgow Rangers and once against Grasshopper in Auxerre's last two European ties, hurt his ankle after scoring the opening goal in his side's 7-0 thrashing of Lyon on Friday and will be out of action for six weeks.

Grasshopper will be out for a revenge after narrowly losing 1-0 at Auxerre and looking forward to a win which would practically give it a place in the quarter-finals.

While Turkish champions Fenerbahce will lose its tenuous foothold in the Champions' League if it is beaten by Manchester United and Juventus defeats Rapid Vienna, its Istanbul rivals Galatasaray travel to European Cup Winners' Cup holders Paris St Germain in a very strong

position. Galatasaray won the first leg of its second-round tie 4-2 in Istanbul two weeks ago and will be full of confidence after winning 8-1 in Izmir against Altya on Sunday.

That victory follows a recent 6-1 win over Gaziantepspor and coach Feah Terim believes they can keep up their high scoring in France.

"I believe we can put on another overwhelming performance in France and go through to the next round," he said.

In the UEFA Cup, Internazionale, bidding to win the trophy for the third time in seven seasons, will be looking to follow up its 3-1 home win against Parma on Sunday with a win over Casino Graz of Austria.

Inter was unimpressive winning the first leg 1-0 in Austria two weeks ago and is unlikely to underestimate its opponents again.

They will field their full-strength side against the Austrians, which includes Ciriaco Sforza of Switzerland, Englishman Paul Ince, Argentine

Javier Zanetti, Frenchman Youri Djorkaeff and Chilean Ivan Zamorano, who scored twice against Parma.

Tensions are likely to be running high in Newcastle, where the English team - without £15 million world record signing Alan Shearer who is recovering from a groin operation - attempts to overcome a 3-2 first leg deficit against Ferencvaros of Hungary.

Newcastle, which has spent more than £50m on new players in the last four seasons, is eager to maintain the push for its first trophy since winning the old Inter Cities Fairs Cup against Hungarians Ujpesti Dosza in 1969.

The English side finds itself trailing after gifting Ferencvaros three goals with sloppy defending in Budapest but England striker Les Ferdinand is confident the first-leg deficit can be overturned.

"It's very delicately balanced and we can't go out guns blazing," he said. "We just need a goal and if we can get it and hold them we'll go through."

A new Joe steals Gotham hearts Torre grateful for Series win, and more

NEW YORK (Reuters) - "Tonight was probably the most enjoyable night of my life," New York manager Joe Torre said Saturday night, and he was not just talking about winning a World Series after the longest wait in history.

Torre also had the satisfaction of knowing his brother Frank had successfully received a heart transplant the day before.

When the Yankees completed their 3-2 victory over the defending champion Atlanta Braves, "I thought about Frank," Torre said.

"This was such exhilaration, especially yesterday with Frank getting a heart and so far doing well."

He said he hadn't yet been able to complete his customary post-game telephone call to his brother in the hospital.

"I was too late to get to the phone. He went off to get a sandwich or something," the manager joked.

Torre had spent more games in uniform, as a player and manager, than anyone without reaching the World Series. That made this championship all that much sweeter.

"When you get as old I am, you learn to appreciate it," he said. "It may only come down one time, but I'll tell you, between yesterday and today, this is the best feeling I've ever had in my life."

Torre was fired last year by the St. Louis Cardinals and thought that might be the end of his baseball career - without its crowning glory.

"I never thought that I was going to get here," he said. "I thought that was my last stop."

The sight of the four Torre weeping in the dugout was one of the most memorable moments of a memorable American League Championship Series victory over the Baltimore Orioles.

"I think I was all cried out in the ALCS," said Torre. "I ran out of tears."

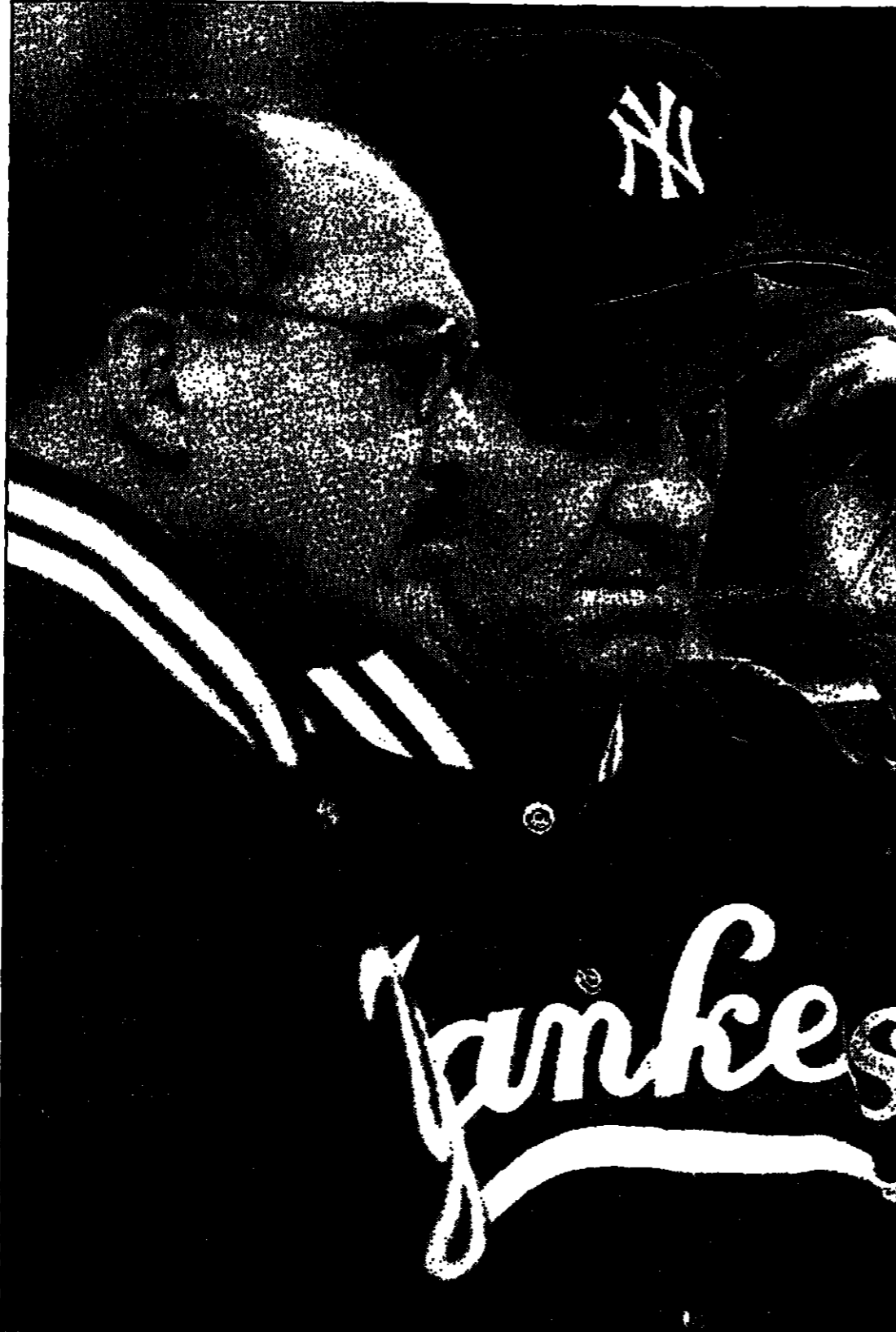
The Brooklyn native added: "I can't believe how many people prayed for me just because I haven't been in a World Series and because of my brother."

In a telephone call with New York Governor George Pataki, he said: "Yesterday was a wonderful day when they woke me at 5:45 a.m. and told me they were going ahead with Frank. I was startled but that's what they had been waiting for. Later they told me he was OK. Today we woke him up just before the game so he would see it."

Torre's thoughts were also on his other brother, Rocco, who died suddenly earlier this year.

"He was with me this whole series. I just felt that," an emotional Torre said.

He described his feelings in the dugout as the game wore on: "In the seventh inning I was loading my mouth with my lucky candy and when I went out to argue with



SAGE COUNSEL - Yankees' manager Joe Torre (r) confers with Mr. October, Reggie Jackson during the Series.

(umpire) Jim Evans, he said it looked like I had lipstick on. And then I just decided to stay with the gum.

"I don't know if I was just a zombie or calmer in the ninth inning, but I just kind of locked in and let it happen."

It was a tense inning, in which closer John Wetteland gave up a run and three hits before ending it with a pop-up to third baseman Charlie Hayes with men on first and second.

"When they had a couple of men on, well, that's the way it's been all year long. There's no reason for it to go 1-2-3, because we haven't had that on many occasions."

"Right before the last ball was hit, I was trying to decide if I should go out and talk to John, and (coach) Don Zimmer said, 'don't worry about it, the next one is for Frank.' The next pitch - Charlie Hayes catches it.

"This is a dream ... everything that has happened in the last 24-36 hours is unbelievable."

He said he believed that along with Cal Ripken's surpassing Lou Gehrig's games-played streak and the death of Mickey Mantle, the human interest of his own story had helped the game of baseball regain some fan popularity which was lost during the labor strife that wiped out the 1994 World Series.

SARFU denies report of impending player revolt

CAPE TOWN (Reuters) - The South African Rugby Football Union (SARFU) yesterday denied claims of an impending player revolt over wages for the forthcoming Springbok tour of Argentina, France and Wales.

An Afrikaans daily newspaper reported players were demanding a 75 percent pay increase for the tour, which starts in Argentina early next month.

It said leading players were seeking an additional 1,500 rand (\$325) per day on top of their basic salary. But SARFU chief executive Rian Oberholzer denied the story.

"Players will always try and squeeze you for more money but to say that they are about to revolt and strike is nonsense. We will meet with the player representatives later but we will keep the results confidential."

Oberholzer said payment for the tour was based on match appearances.

"If a player only plays midweek matches the least he will earn is 50,000 rand (\$10,800). I don't think that's bad, and obviously the Test players will earn

considerably more." On Sunday, Auckland overwhelmed Counties-Manukau 46-15, running in seven tries to retain its National Provincial Championship rugby union first division title.

Fullback Adrian Cashmore inspired the Aucklanders with a try and 11 points from the boot. Two tries each from Eroni Clarke and Brian Lima, and one apiece from Lee Stensness and Romi Ropati completed the scoring romp.

Auckland opened the scoring after seven minutes through Clarke, but were bravely held through much of the first half by a Counties side deprived of the suspended Jonah Lomu. Lomu's appeal against his one-week ban for a dangerous tackle was turned down by a judicial panel on Friday.

The floodgates opened just before half-time with a Cashmore penalty and Clarke's second try, quickly followed after the interval by tries to Cashmore and Stensness.

Lock Jim Coe and fullback Dean Sheppard claimed late consolation tries for Counties.

Gretzky assists in Rangers' win

NEW YORK (AP) - Wayne Gretzky had his most productive game with New York, scoring a goal and adding three assists to help the Rangers end a three-game losing streak by beating the Buffalo Sabres 6-4 on Sunday.

After going scoreless in his first game with the Rangers, Gretzky has points in a league-high 11 straight games, getting five goals and 12 assists.

Brian Leetch, Luc Robitaille, Mark Messier, Pat Flatley and Niklas Sundstrom also scored for New York. Derek Plante, Michal Grosse, Brian Holzinger and Randy Burridge scored for Buffalo, which entered the game with a four-game winning streak.

San Jose 6, Blackhawks 2
Owen Nolan scored his ninth

career hat trick, including two goals during visiting San Jose's five-goal first period.

Darren Turcotte also had two first-period goals as San Jose completed its longest road trip of the season with a 3-2-1 record.

With Ulf Dahlen, Turcotte and Nolan scoring on consecutive shots in an 87-second span, the Sharks broke open the game early. Eric Daze and Alexei Zhamnov had power-play goals for Chicago.

Panthers 3, Flyers 2
Scott Mellanby scored his 200th career goal, helping visiting Florida remain the NHL's only undefeated team.

Dave Lowry and Bill Lindsay added goals for the Panthers, who have their longest unbeaten streak

ever at 7-0-3. Florida has a seven-point lead over the Flyers, the New York Rangers and Tampa Bay in the Atlantic Division.

John Druce and Daniel Lacroix scored for Philadelphia, playing without injured centers Eric Lindros and Dale Hawerchuk.

Flames 4, Mighty Ducks 1
Dave Gagner scored two goals on deflections, the first snapping a 1-1 tie in the second period, as streaking Calgary sent host Anaheim to its seventh straight loss.

Theoren Fleury and Todd Hlushko added goals for the Flames, unbeaten in five games with the only tie a scoreless draw at Los Angeles on Saturday night. Kevin Todd scored for the Ducks.

Doubt cast on Raza's youngest Test player claim

LAHORE, Pakistan (Reuters) - Hasan Raza's claim to be the youngest Test cricketer may be false.

The Pakistan Cricket Board (PCB) said on Sunday medical tests had shown Raza was "around 15" when he underwent the examination in June.

Raza claimed he was 14 years and 227 days old when he made his Test debut against Zimbabwe in Faisalabad last week.

That beat the existing record of Pakistan team manager Mushtaq Muhammad who made his debut aged 15 years and 124 days against West Indies in 1958-59.

But the PCB released a radiology report on Sunday prepared by Lahore's Shaukat Khanum Cancer Hospital. It revealed that an X-ray of the Karachi-born youngster's left wrist indicated he was around 15 years on the date of the Test on June 13.

A similar report on another Pakistani youngster Shahid Afridi, who hit the fastest one-day international century off just 37 balls against Sri Lanka in Kenya earlier this month, showed him to be 19 instead of 16 as claimed.

Both Raza and Afridi underwent the tests with several other players because they did not have birth certificates.

Raza's X-ray was conducted before the selection of the Pakistan team for the under-15 World Cup in England. Afridi underwent his test before going to West Indies with the Pakistan under-19 squad in August.

PCB chief executive Majid Khan said the board did not acknowledge the ages given by Raza and Afridi and would stand by the radiologist's report.

Both players have been included in a squad of 12 for the first of the three limited-over internation-

als against Zimbabwe at Quetta on October 30.

Faceman Waqar Younis, a veteran of 128 one-day games, has been rested. His replacement Azhar Mahmood, an all-rounder, toured Canada and Kenya with the national team.

Warne takes 5 wickets
Australia wrist spinner Shane Warne took five wickets in an interstate limited overs match on Sunday, his first major haul since undergoing surgery on his bowling hand in May.

Warne, Australia's main strike bowler, pulled out of his country's current tour of India and also missed a limited overs tournament in Sri Lanka in August after undergoing surgery to correct ligament damage in the ring finger of his right hand.

Australia has struggled in Warne's absence, losing a one-off Test against India two weeks ago.

The Comeback Kids

Teams that have rebounded from a 0-2 deficit to win the World Series:

- 1921 - New York (NL) 5, New York (AL) 3
- 1955 - Brooklyn (NL) 4, New York (AL) 3
- 1958 - New York (AL) 4, Brooklyn (NL) 3
- 1959 - New York (AL) 4, Milwaukee (NL) 3
- 1965 - Los Angeles (NL) 4, Minnesota (AL) 3
- 1971 - Pittsburgh (NL) 4, Baltimore (AL) 3
- 1978 - New York (AL) 4, Los Angeles (NL) 2
- 1981 - Los Angeles (NL) 4, New York (AL) 2
- x-1985 - Kansas City (AL) 4, St. Louis (NL) 3
- x-1986 - New York (NL) 4, Boston (AL) 3
- x-1996 - New York (AL) 4, Atlanta (NL) 2
- x- lost first two games at home.

Sela falls in 1st round of national tennis championships

OFFER Sela, seeded fourth in the National Tennis Championship, was surprisingly defeated in the first round by Dan Hanegbi in three sets: 5-7, 6-3, 6-4. Sela has resumed playing after sustaining an injury overseas. All other seeds made it through

to the second round. Noam Bar pulled out of the Hadar Yosef tourney yesterday. First seed, Nir Welgreen battled hard to beat Dekel Selekter, 2-6, 6-0, 6-1, while third seed Eyal Erlich easily beat Ronnie Ben Harush 6-1, 6-1.

Joseph Hoffman, Sports Editor

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WEEK RATE (6 insertions) - NIS 351.00 for 10 words (minimum), each additional word - NIS 35.10
FOUR FRIDAYS (package) - NIS 444.60 for 10 words (minimum), each additional word - NIS 44.46
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Plan would pour NIS 720m. into Jerusalem's Arab sector

BILL HUTMAN

JERUSALEM'S Arab sector would get a museum and theater, new parks and sports complexes, and thousands of new homes, under an unprecedented eastern Jerusalem development plan now being worked out by the municipality and government.

Municipal officials admitted the grandiose plan sounds far-fetched, given the lack of state investment in projects for Jerusalem's Arab residents since the city's reunification in 1967.

But, the officials insisted, the plan announced on Sunday by Mayor Ehud Olmert already has the backing, in principle, of Prime Minister Binyamin Netanyahu. All that is left is to work out the details, the officials said.

The city's proposal carries a NIS 145 million price tag for what is described as its "immediate stage," and an additional NIS 575m in investment in eastern Jerusalem over the next four to five years.

Olmert first presented the proposal to Internal Security Minister Avigdor Kahalani last month, emphasizing how important state investment in eastern Jerusalem is to keeping the city united.

"There is great importance to immediately carrying out projects that can give immediate answers to needs [in eastern Jerusalem] ... Carrying out these projects will give a message to the residents of eastern Jerusalem, as it will to others, of Israel's position on Jerusalem," the plan, entitled "Social and Physical Infrastructure in East Jerusalem," states.

"There can be no doubt that carrying out these things will make the non-Jewish residents of east Jerusalem understand that there has been a change in the government's and municipality's handling of services and infrastructure in east Jerusalem. ...

"At the same time, the long-term projects must be moved ahead quickly, including in the areas of planning, infrastructure, education, and with an intensive expansion of social, welfare, and

cultural services," the proposal states.

The proposal covers the gambit of infrastructure and development issues, detailing the needs for roads, sewage, gardening, waste, water, education, and fire and rescue services in eastern Jerusalem.

It also calls for funding for additional neighborhood councils in the Arab sector, so the municipality can have greater feedback on the needs of the Arab population. Government ministries and state authorities are called on to increase their presence in eastern Jerusalem.

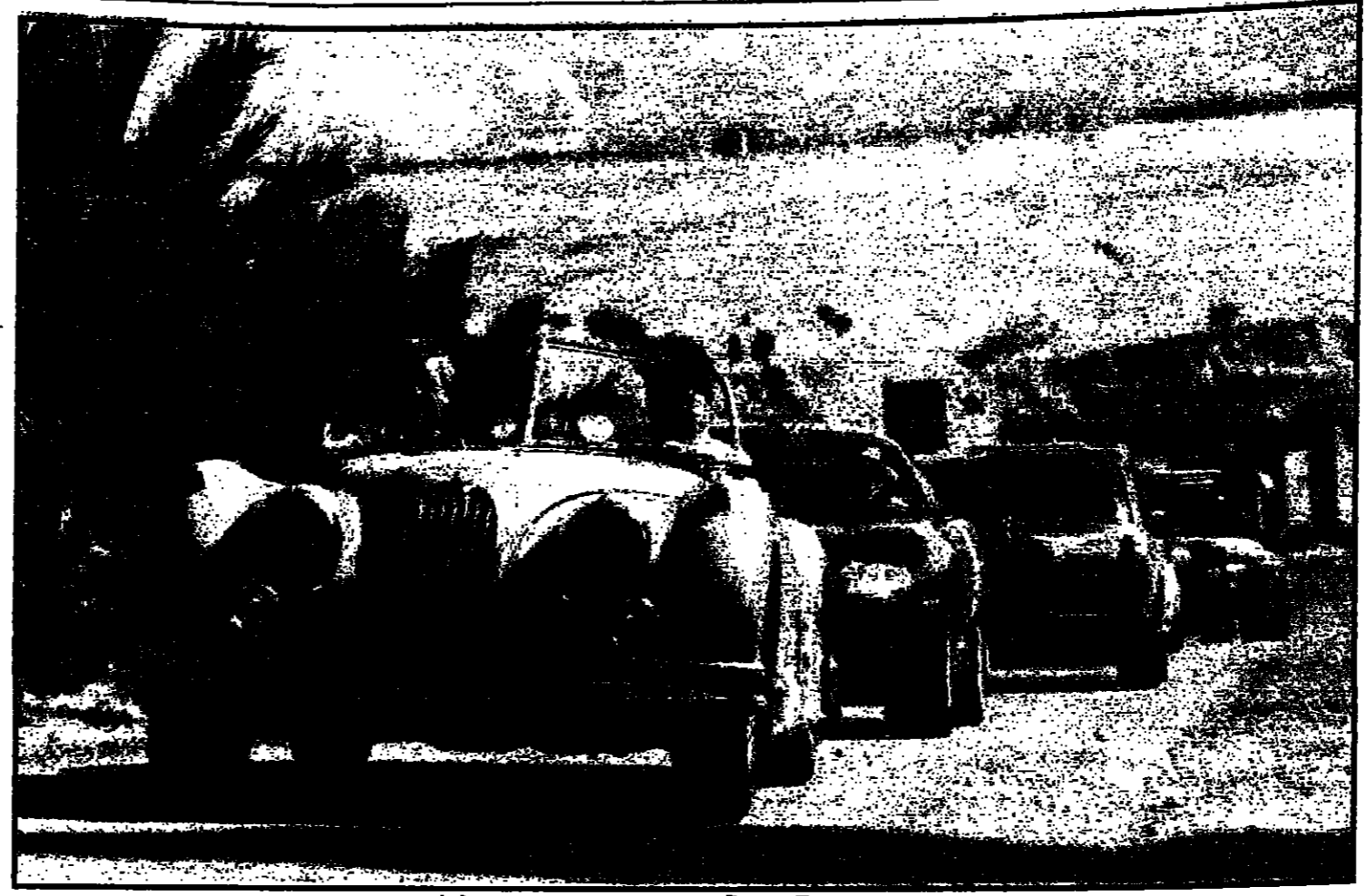
The proposal is frank in describing the backward conditions in the city's Arab sector, and contains a rare official acknowledgment that many Arab residents build illegally because they are unable to receive permits, due to the lack of zoning in eastern Jerusalem.

Among the immediate projects included in the proposal are NIS 66m. for roads in eastern Jerusalem, NIS 10m. for sewage and water, NIS 20m. for schools, NIS 16m. for welfare, and NIS 10m. to establish additional Arab neighborhood councils.

Long-term investment for eastern Jerusalem outlined in the project includes NIS 10m. for drawing up zoning plans and re-zoning, NIS 71m. for improving the water system, NIS 84m. for new classrooms, and NIS 20m. to establish an Arab museum and theater.

The municipality's proposal calls for major state investment in finalizing the zoning plans and the compensation required to carry out the re-zoning, aimed at clearing the way for Arab residents and investors to build thousands of new homes in eastern Jerusalem.

Finance Minister Dan Meridor is scheduled to meet with Olmert on Sunday, with the eastern Jerusalem proposal one of the major issues on their agenda. City officials said they realized the proposal was costly, but they believed that with some cuts, it would be approved.



Led by a vintage Jaguar, a procession of classic automobiles arrives yesterday at Kibbutz Geshar in the Jordan Valley. The cars, on a London-to-Jerusalem rally sponsored by the Jewish National Fund, will be on exhibit today in Jerusalem in the courtyard of the Jewish Agency. (Flash 90)

Kahalani decides Prisons Service headquarters will leave capital

BILL HUTMAN

THE Prisons Service's Jerusalem headquarters will be closed and its offices transferred to Ramle, despite calls for the government to keep its offices in the capital, Internal Security Minister Avigdor Kahalani said yesterday.

"There are only a few [Prisons Service] offices left in Jerusalem, and it will save us a lot of money to move them to the main headquarters in Ramle," Kahalani told reporters.

The minister rejected criticism of the move by Mayor Ehud Olmert, saying that if the municipality had not opposed construction of a new prison and central headquarters in the Atarot industrial zone in north Jerusalem, the

service would be staying in the city. Over the past several years, departments of the headquarters, near the Ben-Yehuda pedestrian mall, have slowly been moved to Ramle. The ministry had put off completely closing the headquarters, because of political opposition.

Ministry sources said the decision to close the Jerusalem headquarters was taken earlier this month on the eve of Kahalani's official US visit, during a meeting between the minister and outgoing prisons commissioner Arye Bibi.

Likud MK Rubi Rivlin called the decision "shocking," particularly as Kahalani heads the ministerial committee on Jerusalem that is supposed to work to strengthen the city's standing.

Ministry sources said there are about 100 service workers still on the job in Jerusalem who in the coming months will be transferred to Ramle. Many of the workers have also sharply opposed the move, because they are city residents.

Kahalani toured Ramle's Neveh Tirza women's prison yesterday, where he was told that some 80 percent of inmates are serving time for drug offenses.

WEATHER

Haifa	19-22
Tiberias	19-25
Afula	11-24
Samarit	12-16
Tel Aviv	15-22
Jerusalem	12-17
Beersheba	11-25
Dead Sea	20-27
Eilat	16-23

Forecast: Partly cloudy. Light showers.

AROUND THE WORLD

	Low	High	Wind	Sea	
	C	F	C	F	
Amsterdam	11	52	14	57	sea
Berlin	10	50	14	57	sea
Buenos Aires	17	63	24	75	clear
Calcutta	26	81	11	52	clear
Chicago	26	81	11	52	cloudy
Copenhagen	08	47	11	52	cloudy
Frankfurt	12	54	13	56	cloudy
Hamburg	12	54	13	56	cloudy
Helsinki	08	47	11	52	cloudy
Hong Kong	11	52	23	73	clear
London	11	52	13	56	cloudy
Los Angeles	14	57	22	72	cloudy
Madrid	11	52	13	56	clear
Moscow	08	47	11	52	cloudy
New York	10	50	13	56	cloudy
Paris	13	55	16	61	cloudy
Rome	08	47	11	52	cloudy
Stockholm	08	47	11	52	cloudy
Sydney	16	61	15	59	sea
Tokyo	10	50	13	56	cloudy
Toronto	08	47	11	52	cloudy
Vienna	08	47	11	52	cloudy
Zurich	08	47	11	52	cloudy

Winning cards

In yesterday's Chance drawing, the winning cards were the ace of spades, the jack of hearts, the king of diamonds, and the king of clubs.

Labor Party to oppose Norwegian Law in Knesset

LIAT COLLINS

THE Labor faction will oppose the so-called Norwegian Law when it comes up for first reading in the Knesset, it was decided yesterday. The bill would allow 12 ministers to resign their Knesset seats and bring in new MKs to replace them. The bill, an amendment to the Basic Law: The Government, also calls for enlarging the inner security cabinet. Under the bill only the prime minister and

his four deputy premiers would remain MKs. Although Labor has traditionally favored the bill, after discussions in the faction it was decided to impose party discipline and vote against it. The bill is scheduled for a vote today, but the coalition might postpone it as some of its own MKs who support it will be absent.

Labor Party leader Shimon Peres said the direct election of the prime minister had changed the circumstances and therefore the party could not support the bill as it had in the past. Peres also said the Knesset was losing its status as a parliament because of the

distancing between the government and the House, and this would worsen should the bill pass. Nearly all the Labor MKs present raised objections to the bill, many accusing the Likud of exploiting it simply to get more MKs in the Knesset to compensate the party for the seats it lost by running on a joint ticket in the elections.

KNESSET BRIEFS

No-confidence motions filed

The Democratic Arab Party faction in the Knesset has submitted a no-confidence motion over the prime minister's handling of the negotiations with the Palestinians. The faction blamed the failure of the talks on the prime minister's insistence on demanding new terms in the agreement. Labor also submitted a no-confidence motion yesterday citing the growing social gap.

Local councillors visit Knesset during strike

The Knesset was inundated by members of local councils yesterday, during the warning strike of the councils called by the Union of Local Authorities. Visitors were present at several committee sessions, including one of the Interior Committee, which decided to support a bill by MK Yossi Katz (Labor) demanding new elections every time a council head resigns. The Knesset's environmental caucus, headed by Avraham Herschson (Likud), said it would fight cuts in local environmental units. *Liat Collins*

Shmaya Angel to get first furlough

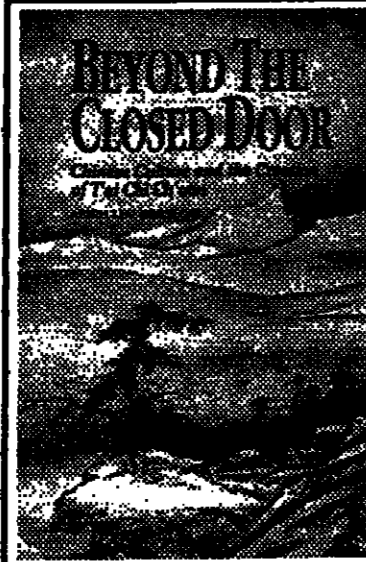
BILL HUTMAN

NOTORIOUS murderer Shmaya Angel, who is serving three consecutive life sentences, is to receive his first furlough tomorrow after nearly 15 years in jail, following court appeals by his wife and prisoners activist Herut Lapid. "He sounded really tense when I spoke on the phone with him today," Angel's wife, Naomi, said yesterday. "I'm sure he'll relax once he's on the outside." Angel was given a one-time 24-hour leave by the Prisons Service, which has opposed his release in the past on the grounds he is still dangerous. Angel is serving consecutive life sentences for the 1981 double murders of heroin couriers Shulamit Sheli and Michel Nahmias, plus the 1988 murder of fellow convict Haim Shushan, whom he stabbed 131 times. The service set strict limits on his movement during the time he is outside Beersheba Prison. Angel is to be picked up by his wife at 2 p.m. tomorrow and drive to his father's grave in Tel Aviv. From there, they are to drive to Rosh Pina and stay in a small hotel across the street from the police station. "As a husband, he is a hero. But as for what he did when he was a criminal, I don't think of him as a hero, and hope others don't look up to him," Naomi Angel said. She said she hopes tomorrow's furlough would be followed by his regularly being given time out of prison, like other convicts. Herut Lapid, who is well-known

Paris halts sale of flats that might have been seized in Holocaust

PARIS (Reuters) - The Paris city council halted its flat sales yesterday on charges that some city-owned apartments may have been seized from Jews deported to Nazi death camps in World War II. Mayor Jean Tiberi said the sales under way were suspended until the history of the acquisition of each could be studied. Deputy Mayor Jean-Francois Legaret told Reuters after a council meeting. He said a planned sale of about 10 apartments scheduled for today had been halted, along with plans for other sales, mainly in the medieval Marais region of the capital near the Saint-Gervais Church where many Jews live. The French Jewish community urged the city council on Sunday to report "on possible despoilment of Paris Jewish families under the collaborationist Vichy regime, and on compensation to them." Their fears were stirred by a book, *Private Estate*, by journalist Brigitte Vital-Durand, which said the Paris city council owns 150 buildings in the Marais, some of which had belonged to Jews, and that some property was sold without its history being disclosed. The book said the population of part of the Marais had slumped to 5,000 from 25,000 during the war

as Jewish families were deported or fled persecution. In total, about 75,000 Jews were deported from France to Hitler's death camps. Tiberi, at the center of a string of scandals over cut-price city housing let to political cronies, said people should stop demonizing the city. "It would be immoral for the City of Paris to sell a building it had obtained in this way," he said. Bernard Delanoe, head of the opposition Socialists on the council, welcomed the suspension of sales and said city hall should not be blamed for events of half a century ago. Holocaust survivors and their relatives have become more vocal in recent years in seeking to trace billions of dollars in assets seized by the Nazis, notably gold alleged to have been sent to Swiss banks during the war. Tiberi, who succeeded President Jacques Chirac at city hall last year, has ordered the sale of a third of the 1,389 flats the city has purchased or acquired over the centuries. The sale followed a scandal over disclosures that the city council was leasing flats well below market prices to political cronies and notables, including Prime Minister Alain Juppe.



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